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# COFFEE AGREEMENT

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## HEARING

BEFORE THE

## COMMITTEE ON FINANCE
## UNITED STATES SENATE

EIGHTY-NINTH CONGRESS

FIRST SESSION

ON

## S. 701

A BILL TO CARRY OUT THE OBLIGATIONS OF THE UNITED STATES UNDER THE INTERNATIONAL COFFEE AGREEMENT, 1962, SIGNED AT NEW YORK ON SEPTEMBER 28, 1962, AND FOR OTHER PURPOSES

WEDNESDAY, JANUARY 27, 1965

Printed for the use of the Committee on Finance

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# IMPLEMENTATION OF INTERNATIONAL COFFEE AGREEMENT

WEDNESDAY, JANUARY 27, 1965

U.S. SENATE,
COMMITTEE ON FINANCE,
*Washington, D.C.*

The committee met, pursuant to notice, at 10:10 a.m., in room 2221, New Senate Office Building, Senator Harry Flood Byrd (chairman) presiding.

Present: Senators Byrd, Long, Douglas, Talmadge, Ribicoff, Williams, Carlson, Bennett, Curtis, Morton, and Dirksen.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will come to order.

This is a hearing on S. 701, to implement the International Coffee Agreement. I place in the record a copy of the bill and data sheets relating thereto, prepared by the committee staff.

(The bill and staff data sheets follow:)

[S. 701, 89th Cong., 1st sess.]

A BILL To carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "International Coffee Agreement Act of 1965".

SEC. 2. On and after the entry into force of the International Coffee Agreement, 1962, and for such period prior to October 1, 1968, as the agreement remains in effect, the President is authorized, in order to carry out the provisions of that agreement—

(1) to regulate the entry of coffee for consumption, or withdrawal of coffee from warehouse for consumption, including (A) the limitation of entry, or withdrawal from warehouse, of coffee imported from countries which are not members of the International Coffee Organization, and (B) the prohibition of entry of any shipment from any member of the International Coffee Organization of coffee which is not accompanied by a certificate of origin or a certificate of reexport, issued by a qualified agency in such form as required under the agreement;

(2) to require that every export or reexport of coffee from the United States shall be accompanied by a certificate of origin or a certificate of reexport, issued by a qualified agency of the United States designated by him, in such form as required under the agreement;

(3) to require the keeping of such records, statistics, and other information, and the rendering of such reports, relating to the importation, distribution, prices, and consumption of coffee as he may from time to time prescribe; and

(4) to take such other action, and issue and enforce such rules and regulations, as he may consider necessary or appropriate in order to implement the obligations of the United States under the agreement.

SEC. 3. As used in section 2 of this Act, "coffee" means coffee as defined in article 2 of the International Coffee Agreement, 1962.

SEC. 4. It is the sense of the Congress that the United States should continue to adhere to the International Coffee Agreement, 1962, only so long as that agreement does not operate to produce unwarranted increases in the price of coffee in the United States. In the event that it is determined by the President or by a joint resolution of the Congress that an unwarranted increase in the price of coffee has occurred and is attributable to the application or operation of the agreement, it is the further sense of the Congress that the President should forthwith apply to the International Coffee Council and the Executive Board for such corrective action as may be necessary to remedy the situation. If, following a reasonable period, not to exceed seventy-five days, after such application, the President finds that the Council has failed to make such adjustment of quotas or to take such other corrective action as is necessary to remedy the situation, he shall report his findings to the Congress with such recommendations as he may consider appropriate.

SEC. 5. The President may exercise any powers and duties conferred on him by this Act, other than the powers and duties conferred on him by section 4, through such agency or officer as he shall direct. The powers and duties conferred by this Act shall be exercised in the manner the President considers appropriate to protect the interests of United States consumers.

SEC. 6. The President shall submit to the Congress an annual report on the International Coffee Agreement, 1962. Such report shall contain full information on the operation of such agreement, including full information with respect to the general level of prices of coffee. The report shall also include a summary of the actions the United States and the International Coffee Organization have taken to protect the interests of United States consumers. Such annual report shall be submitted not later than January 15 of each year. The first such report shall be submitted not later than January 15, 1966.

SEC. 7. There are hereby authorized to be appropriated from time to time such sums as may be necessary to carry out the provisions of this Act, including the necessary expenses and contributions of the United States in connection with the administration of the International Coffee Agreement, 1962. The amount of the contributions of the United States to administer the agreement for any period shall not exceed 20 per centum of the total contributions assessed for such period to administer the agreement.

SEC. 8. The joint resolution of April 11, 1941, entitled "Joint resolution to carry out the obligations of the United States under the Inter-American Coffee Agreement, signed at Washington on November 28, 1940, and for othr purposes" (19 U.S.C. 1355 and 1356) is repealed.

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DATA RELATING TO S. 701, THE INTERNATIONAL COFFEE AGREEMENT ACT OF 1965, JANUARY 27, 1965, PREPARED BY THE STAFF OF THE COMMITTEE ON FINANCE

TABLE 1.—*Coffee prices, annual average price, 1950–64*

| Year | Spot [1] | Retail [2] | Year | Spot [1] | Retail [2] |
|---|---|---|---|---|---|
| 1950 | 50.45 | [3] 79.3 | 1959 | 36.97 | 78.0 |
| 1951 | 54.24 | [3] 86.7 | 1960 | 36.60 | 75.3 |
| 1952 | 54.04 | [3] 86.7 | 1961 | 36.01 | 73.6 |
| 1953 | 57.93 | [3] 89.2 | 1962 | 33.96 | 70.8 |
| 1954 | 78.71 | [3] 110.8 | 1963 | 34.11 | 69.4 |
| 1955 | 57.09 | [3] 93.0 | 1964 | 46.66 | 81.8 |
| 1956 | 58.10 | [3] 103.4 | | | |
| 1957 | 56.92 | 101.7 | Average, 15 years | 49.35 | [4] 86.01 |
| 1958 | 48.41 | 90.7 | | | |

[1] New York spot price, Santos, source, Pan American Coffee Bureau.
[2] Retail spot price, 1-pound can, source, Bureau of Labor Statistics.
[3] Bag and can combined.
[4] Average price would be higher if in years 1950–56, price of 1-pound can only were given, rather than can and bag combined.

TABLE 2.—*Coffee prices, spot and retail prices*

[U.S. cents per pound]

| | 1962 | | 1963 | | 1964 | |
|---|---|---|---|---|---|---|
| | Spot [1] | Retail [2] | Spot [1] | Retail [2] | Spot [1] | Retail [2] |
| January | 34.20 | 71.2 | 33.85 | 69.2 | 44.83 | 71.7 |
| February | 34.05 | 71.0 | 33.33 | 69.1 | 46.30 | 74.8 |
| March | 34.08 | 71.0 | 33.23 | 68.7 | 49.85 | 78.9 |
| April | 34.08 | 71.1 | 33.00 | 68.7 | 48.60 | 81.1 |
| May | 34.43 | 70.9 | 33.33 | 69.0 | 47.35 | 82.8 |
| June | 34.73 | 71.2 | 34.33 | 69.5 | 46.90 | 83.9 |
| July | 34.55 | 71.3 | 33.58 | 69.6 | 46.65 | 84.4 |
| August | 34.08 | 71.4 | 32.73 | 69.8 | 45.83 | 84.9 |
| September | 33.40 | 71.1 | 32.95 | 69.6 | 45.00 | 84.9 |
| October | 33.18 | 69.5 | 34.98 | 69.7 | 46.58 | 84.6 |
| November | 33.33 | 69.2 | 36.55 | 69.8 | 46.88 | 84.9 |
| December | 33.40 | 70.8 | 37.45 | 70.1 | 45.18 | 84.8 |

[1] New York spot price, Santos, source, Pan American Coffee Bureau.
[2] Retail spot price, 1-pound can, source, Bureau of Labor Statistics.

TABLE 3.—*U.S. green coffee inventories*

[In thousands of bags]

| | |
|---|---|
| March 1962 | 3,029 |
| June 1962 | 3,050 |
| September 1962 | 3,376 |
| December 1962 | 3,964 |
| March 1963 | 3,518 |
| June 1963 | 3,435 |
| September 1963 | 4,008 |
| December 1963 | 4,726 |
| March 1964 | 4,366 |
| June 1964 | 4,216 |
| September 1964 | 4,006 |

December, available in February.

TABLE 4.—*United States: Aggregate volume and value of green coffee imports, 1954–63*

| | Volume (million bags) | Value (million dollars) | | Volume (million bags) | Value (million dollars) |
|---|---|---|---|---|---|
| 1954 | 17.1 | 1,485.7 | 1959 | 23.3 | 1,097.2 |
| 1955 | 19.7 | 1,356.5 | 1960 | 22.1 | 1,002.7 |
| 1956 | 21.3 | 1,439.0 | 1961 | 22.5 | 964.0 |
| 1957 | 20.9 | 1.375.5 | 1962 | 24.6 | 989.6 |
| 1958 | 20.2 | 1,170.7 | 1963 | 23.9 | 956.9 |

Source: Pan American Coffee Bureau.

QUOTA ACTIONS BY THE INTERNATIONAL COFFEE COUNCIL

August 1963: Annual quota for 1963–64 coffee year established at 45,732,622 bags.

November 1963: Proposal to increase annual quota by 2.25 percent defeated by narrow margin of 25 votes.

February 1964: Annual quota increased by 5 percent to 48,120,044 bags.

May 1964: Adjustments in quotas of 2 countries increases total annual quota by 355,000 bags.

June 1964: Redistribution of shortfalls—reflecting inability of some countries to deliver their quota—raises total annual quotas to 48,773,273 bags. Total increase since initial quota set in August 1963 is 3,040,651 bags.

August 1964: At the August meeting of the Council, annual quotas for the year October 1, 1964, to September 30, 1965, were set initially at 47.5 million bags with provision for increases of 500,000 bags on January 8, 1965, and prior to April 30, 1965, depending on the needs and condition of the market.

December 1964: At its December 10–16 meeting, the Executive Board recommended to the Council that the 500,000 bag increase suggested for January 8, 1965, not be made. Present quotas are therefore 47.5 million bags.

Source: Department of State.

*International Coffee Agreement—Membership and distribution of votes as of Dec. 15, 1964*

| Exporting members:[1] | *Votes* |
|---|---|
| Brazil | 356 |
| Burundi | 8 |
| Colombia | 122 |
| Congo (Léopoldville) | 19 |
| Costa Rica | 24 |
| Cuba | 9 |
| Dominican Republic | 13 |
| Ecuador | 16 |
| El Salvador | 33 |
| Ethiopia | 28 |
| Ghana | 6 |
| Guatemala | 31 |
| India | 12 |
| Indonesia | 28 |
| Mexico | 34 |
| Nicaragua | 13 |
| OAMCAF[2] | 89 |
| Panama | 6 |
| Peru | 16 |
| Portugal | 48 |
| Rwanda | 8 |
| Sierra Leone | 6 |
| Tanzania | 13 |
| Trinidad and Tobago | 6 |
| Uganda | 42 |
| Venezuela | 14 |
| Total | 1,000 |

| Importing members:[1] | |
|---|---|
| Australia | 11 |
| Austria | 12 |
| Belgium | 33 |
| Canada | 42 |
| Denmark | 29 |
| Federal Republic of Germany | 120 |
| Finland | 25 |
| France | 118 |
| Japan | 13 |
| Luxembourg | 6 |
| Netherlands | 40 |
| New Zealand | 7 |
| Norway | 20 |
| Spain | 20 |
| Sweden | 47 |
| United Kingdom | 39 |
| United States | 400 |
| U.S.S.R. | 18 |
| Total | 1,000 |

[1] Nigeria, an exporting member, and Argentina and Tunisia, as importing members, have lost their votes for nonpayment of dues.

[2] OAMCAF members are: Cameroon, Central African Republic, Congo (Brazzaville), Dahomey, Gabon, Ivory Coast, Madagascar, and Togo.

The CHAIRMAN. The first witness is Mr. George W. Ball, Under Secretary of State.

Mr. Ball, you may proceed.

## STATEMENT BY HON. GEORGE W. BALL, UNDER SECRETARY OF STATE; ACCOMPANIED BY JEROME JACOBSON, DEPUTY ASSISTANT SECRETARY, ECONOMIC AFFAIRS, DEPARTMENT OF STATE

Mr. BALL. Thank you, Mr. Chairman.

On May 21, 1963, the Senate gave its advice and consent to the ratification of the International Coffee Agreement. On December 27, 1963, the United States deposited its instrument of ratification. The United States thereby became a full member of the International Coffee Organization. Full participation, however, depends upon enactment of legislation to enable the United States to establish procedures to meet its obligations under the agreement. The legislation before you would provide that authority.

Virtually identical legislation, H.R. 8864, was considered by this committee in March of last year, after it had been passed by the House the previous November. After adding an amendment proposed by Senator Dirksen, this committee approved the legislation and it was passed by the Senate in July 1964. A conference committee approved the Senate's version in August and the Senate again voted to adopt it shortly thereafter. It was defeated, however, in the House, and further consideration last year was not possible.

I do not think it necessary to set forth in any detail the reasons why this administration has urged support of the legislation, since this committee held full hearings on the matter last year. In brief, the legislation would bring a measure of stability to coffee prices throughout the world. Coffee is the single most important agricultural commodity in the trade of most of the developing countries, particularly in Latin America. Coffee exports account for more than 50 percent of all exports in 6 Latin American countries and an average of 25 percent in all the 14 Latin American exporting nations. Seven new African countries receive from 30 to 50 percent of their foreign exchange earnings from coffee.

About 20 million persons in the world depend on coffee for their livelihood; more than 60 percent of them are in Latin America. The overwhelming majority are small farmers cultivating less than 5 acres of land. In a very real sense, therefore, coffee is the lifeblood of the developing nations of the world.

It is clear that short-term cyclical trends in coffee prices are a very unsettling factor to the producing countries. Let me say frankly that there is no perfect way to deal with this problem. But an international agreement can at least moderate the wide swings in prices that seriously dislocate the economies of the producing nations.

With this background, the principal provisions of the legislation may be simply stated.

First, it would authorize the President to prohibit imports from members of the International Coffee Organization of coffee that is not accompanied by a certificate of origin. These certificates identify the source of the coffee and enable the Coffee Organization to maintain a statistical check on exports and to detect quota violations. Pro-

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hibiting imports of coffee that are not accompanied by certificates helps exporting countries police their quota systems.

Second, it would require U.S. exports and reexports of coffee to be accompanied by certificates of origin or reexport.

Third, it would authorize the President to impose quotas on nations not members of the Coffee Organization in certain circumstances. In short, it would put teeth into the agreement.

The bill revises in three respects the legislation adopted by this committee last year.

First, it extends the expiration date of the authorization to October 1968 rather than October 1965. Since the agreement itself has a 5-year term and will be reconsidered in 1968, it seems reasonable to extend its authorization to that year.

Second, the amendment to H.R. 8864 proposed by Senator Dirksen has been revised in section 4 to provide that it is the sense of Congress that the United States should continue to adhere to the agreement only so long as it does not operate to produce unwarranted increases in coffee prices and that if either the President or the Congress, by joint resolution, determines that such an increase has occurred, the President should apply to the Organization for corrective action. The President is directed to report to the Congress if the Organization fails to take corrective action within a reasonable period.

Third, the legislation now makes clear, in both sections 5 and 6, that protection of U.S. consumer interests should be a primary consideration in our participation in the agreement.

As you know, the agreement has already helped to bring some stability to coffee prices.

Prices in 1962 and the first 9 months of 1963 were at their lowest point in 14 years because production was running 30 percent ahead of consumption. Then, in the summer of 1963, a severe frost and the worst drought of the century cut Brazil to one-quarter of its normal output. Prices rose. Responsible action under the coffee agreement helped to check this rise and to reverse it. Nothing could be done to produce coffee from trees that had been killed by frost and drought but it was possible to insure that the coffee that was grown was made available. Under the agreement, just this was done—export quotas were increased and prices receded.

By contrast, in 1954—10 years ago—when the governments of the producing and consuming nations had not undertaken through an international agreement to moderate coffee price fluctuations—these prices jumped from 58 cents to over 90 cents per pound after frost crippled the Brazilian crop. This year we had all the ingredients for a repetition of that spectacular price rise—with one critical difference. We did have an international agreement. This meant that the problem became one for governmental responsibility. Because there was a forum in which this matter could be discussed, producers—who could depend on our cooperation when prices were declining—acted responsibly when prices were rising, and voted overwhelmingly to increase quotas.

But the agreement is not completely effective. In part this is because the coffee-exporting countries are not doing all that they should to control their production, to honor their export quotas, and to sell their coffee in an orderly way. But it is also due to our own

failure to adopt this legislation. We must act now to remedy this failure.

In Africa, in Asia, and most particularly in Latin America, coffee-producing countries are looking to us. Speaking in New York last October, President Johnson pledged that he would "press for prompt execution of the worldwide coffee agreement * * *." I cannot emphasize too strongly the importance we attach to the carrying out of this pledge.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Ball.

Mr. Ball, I have received some letters from my State complaining that the importers from Brazil are denied the right to choose how coffee they purchase is to be transported to this country. Rather than being permitted to ship their coffee by fast, well-ventilated, nonstop vessels these importers indicate that the Brazilian Government has required that their coffee be transported on slow boats which made frequent stops through the Caribbean and that their coffee is not only delayed in reaching this country but suffers substantial sweat damage.

I am informed that this Brazilian practice affects small importers to a greater extent than larger importers who have more bargaining ability with the Brazilian Government.

What is your answer?

Mr. BALL. Mr. Chairman, this is a matter which has caused us concern. There is no doubt that the Brazilian Government has attempted to secure for its national-flag line a very large part of the Brazil-United States coffee trade. And that this has had, because of the inadequacies of some of the transport provided, some of the effects that you suggest. This is a matter which our Embassy in Brazil has taken up with the Brazilian Government. We have—this is a matter which is only peripherally related to the coffee agreement, I may say—but we have pressed for a minimum of interference by governments with the right of shippers or consignees of cargoes to select their carriers.

This is a matter which is still under discussion with the Brazilian Government. It continues to be a matter of concern to us and a matter which we intend to pursue actively.

The CHAIRMAN. You took it up last October.

Mr. BALL. That is right, sir.

The CHAIRMAN. Has there been any improvement since then?

Mr. BALL. Well, I am advised by one of my colleagues that since then there have been very few complaints from the trade on this matter but it is a matter which we are still pursuing with the Brazilian Government.

The CHAIRMAN. I hope you will push it because it doesn't seem right they should be compelled to ship on a slow vessel which will damage the coffee and so forth. So will you continue your efforts?

Mr. BALL. We shall do that, Mr. Chairman.

The CHAIRMAN. Senator Talmadge?

Senator TALMADGE. No questions.

The CHAIRMAN. Senator Carlson?

Senator CARLSON. Mr. Secretary, of course, you well know my position, I have always opposed this implementation of the coffee agree-

ment. My position has not changed. I notice that you stress the urgency of implementation at this time.

Now, assuming Congress does act, what does the International Coffee Agreement do that we are not doing now and have not been doing since the U.S. Government signed originally on the contract? What difference would there be?

Mr. BALL. The major difference would be that we would begin to enforce on a much more effective basis, or provide for the enforcement on a much more effective basis, of the quota structure which has been set by the Coffee Council.

Since this legislation did not pass at the last session, the United States did take some measures which required merely volunteer action by the coffee importers and which were intended to provide some statistical information to the Coffee Council that would help them in the administration of the treaty. But the fact is that these have been quite inadequate, and unless there is action, affirmative action, on this legislation, I would say that two things would happen: (1) That there would not be adequate policing in carrying out of the quotas, and they would begin to be disregarded in a much greater manner than they are now, and (2) a good deal of shipping would be done in disregard of the quota system.

But, more fundamental, there would be a withering away of the interest of the other nations in this agreement because of this very evident demonstration of the lack of American support for a measure in which the United States is a necessary party because of the dominance that we have as a great consuming country.

If we do not give this tangible support to this measure then I think that this will be taken as an indication by the Latin American countries that we do not mean to carry out the promises that we have made that we would try to find some ways and means to ease the cyclical problems of primary producing countries generally.

Let me say that I was at Geneva on two occasions during the very long meeting of the United National Trade and Development Conference which for the first time the less developed nations of the world confronted the industrialized nations with some of their trading problems.

This was a historic meeting in the sense that it was the first time, I suppose, that the north-south issue was ever brought really into visibility. There was a clear lineup of the less developed countries who for the most part were the primary producers, against the industrial countries who were the consumers of primary produced products. We found ourselves ranged together with all the other industrialized countries discussing with the less developed countries that formed another bloc the problems of how we could help them to find places for their products on world markets under some kind of a regime which would insure them some continuity of income. The position that the less developed countries were taking, of course, was that, no matter what kind of foreign assistance they might receive over a period of time, they could solve their problems only by being able to earn foreign exchange by their own production and that this would help stability in world markets.

I mention this because it was the theme which ran through the whole meeting, because there were enormous numbers of representa-

tives of the nations present, because there was an enormous feeling of urgency of getting a start on doing something on the problem of getting stability in tropical agricultural markets. And coffee was the one product that they looked to with the greatest interest because of the dominant role that it plays.

I would think that the repercussions of a rejection by the Congress this time of the implementing legislation would have a very harmful effect, indeed, because it would tend to discredit the posture of the United States in actively trying to work out ways and means to help these countries to get on a self-sustaining basis over a period of time.

Senator CARLSON. Mr. Secretary, the Senator from Connecticut, Mr. Ribicoff, and I also were in Geneva for a week or so at the first Kennedy round of the Common Market Trade Agreements.

Mr. BALL. Yes, sir.

Senator CARLSON. We spent about 2½ hours, I would say, with Dr. Prebisch of Argentina, who is a truly great economist on this problem, and I gathered in visiting not only with him but with others who were there in attendance that these 70 more or less developed countries have an ambitious program that they want us to pay higher prices for all their exports. This coffee agreement is just one of a great program——

Mr. BALL. That is right.

Senator CARLSON (continuing). Of global price fixing, and that is why I have been opposed to this—why I have opposed this one. I have nothing particularly against the coffee agreement itself but if this Nation is going to enter into Government programs whereby we pay less developed countries more than the world market for the commodities that they produce in excess, then I can see that we are heading off on a program that will cost our consumers not just hundreds of millions of dollars involved in this deal but billions of dollars. I think it is a program we ought to look into before we go into cocoa and tin and other products. That is what we are asked to do. That is why they held this meeting.

Mr. BALL. Senator Carlson, you are entirely correct as to what the less developed countries have in mind.

Let me say, I was the head of the American delegation at that meeting and the position which we made very clear on behalf of the United States was that, first of all, we did not envisage the use of commodity arrangements—international commodity arrangements—as a device for transferring resources to the less developed countries. What we foresaw for them was a rather limited purpose that they could serve in bringing some stability to the markets and avoiding the extreme short-term cyclical swings that take place in commodity prices. But they could not be used as a device for transferring resources by artificially raising the level of international prices in order to provide a kind of subsidy—this was made very clear as a firm element in the American position.

Secondly, we made very clear that we foresaw only a very limited application for international commodity agreements to a limited number of products. We did not at all share the views that were expressed in Dr. Prebisch's report that there could be wide application, because there are very great difficulties in these agreements.

As I said earlier, none of them is perfect and the most they can do, it seems to us, is to tend to ameliorate the extreme fluctuations and this

is the purpose to which they should be devoted and every one has to be examined very carefully and the degree to which we can extend the principle of international agreements beyond coffee is something that I think the Congress should look at with very great care.

Senator CARLSON. I am delighted to get your statement on that because I think there was a movement, in the administration circles, in the State Department particularly, a few years ago, following the United Nations meeting in New York City to get into a great program of expanded trade through agreements or arrangements, if you want to call it that, which would cost our consumers great sums of money. I think it would be most unfortunate if it did.

I want to say this, as a delegate to the United Nations with the distinguished Senator from Louisiana, Mr. Long, I have sat through speeches after speeches by less developed countries in the United Nations during the month of December in which they did not hesitate to discuss frankly and openly their need and their desire to get this type of a program underway. That is the reason I think we ought to proceed slowly on programs of this type; and it is one reason I have opposed it more than the coffee agreement itself. It is a dangerous principle. We have about three international agreements as I remember. One deals with wheat, International Wheat Agreement. We have had it for years, and coming from the greatest wheat-producing State in the Union, I will say here this morning I hope we don't extend it. It is doing us no good. It is costing our producers money, and the finest thing we can do with the International Wheat Agreement would be to forget it. All we do is hold an umbrella on the price of wheat and our dollar exports this year will be the lowest in a decade, 68½ million bushels, which is a terrifically low volume for the part of the fiscal year which will end June 30.

We, of course, export millions of bushels of wheat under Public Law 480 but for dollars it is the lowest it has been in 10 years. Another international agreement is the sugar agreement. Of course, we are all familiar with that. We have some problems with that once in a while. But when we get into these international agreements, I think we are the country that suffers.

Senator BENNETT. Will the Senator yield?

Senator CARLSON. Yes.

Senator BENNETT. While we are signatories to the International Sugar Agreement, its program has no effect on us. We operate outside of it. We are not bound by the International Sugar Agreement. We are just signatories to indicate our agreement with the idea or with the basic principle involved so far as other countries are concerned. But this Congress still reserves the right to control our own sugar program.

Senator CARLSON. I shall not take a great deal of your time, Mr. Secretary. I think it is a fact that the consuming countries at the International Coffee Agreement Commission in London have continually pressed for about 50 million bags of coffee; is that right, 50 million annually?

Mr. BALL. I believe that is correct.

Senator CARLSON. They press for 50 million. The producing countries want to have it 45 and we have agreed on 47, if I am correct.

Mr. JACOBSON. The quota beginning this year was set at 47½ million bags subject to a small increase which was not put into effect.

Senator CARLSON. 500,000 bags were to go into effect in January; is that not correct?

Mr. JACOBSON. That is correct.

Senator CARLSON. Was that not canceled?

Mr. JACOBSON. That was canceled; that is right.

Senator CARLSON. What was the reason for the cancellation?

Mr. JACOBSON. The market recently, sir, has been relatively weak, and the record of exports in the first 3 or 4 months of this year show that the exports are running substantially behind the level anticipated at the time the quota was set.

Taking account of this just practical fact, we agreed it seemed sensible for the moment to agree to this cancellation of 500,000 bags.

Now, the producers are not satisfied with that. They believe that the market is potentially so weak and exports running so far behind the level anticipated when we set the quota last August that they have recently indicated that they believe another substantial cut in quotas is called for.

We have made no commitment to that effect. We are studying the facts and figures and we will make the decision if and when we are called upon to do so.

Senator CARLSON. Mr. Jacobson, we are a consuming country and while we should have interest in the producers and I am concerned about them, too, our primary interest in this Nation should be the consumer, should it not?

Mr. JACOBSON. That is correct, sir.

Senator CARLSON. The consuming countries advocate 50 million bags, do they not?

Mr. JACOBSON. The consumers were asking roughly 48 million bags last July or August when we set the quota, for quota exports.

Senator CARLSON. Anyway they arrived at a differential of 47-plus, and with a proposed increase of 500,000 bags which was cancelled and we assume you were requested to cancel another.

What about the coffee prices? They have remained fairly substantial. Since last June there has been no change in spot coffee prices, have there?

Mr. BALL. As I understand it, Senator Carlson, there has been a sharp decline in futures, which would indicate that the prediction is that prices are down sharply. The present price is what, Mr. Jacobson?

Mr. JACOBSON. The present price for Brazilian coffee in New York is 45 cents compared with a high of 51 cents at roughly the same time last year.

The present price for a typical African coffee is approximately 27 cents as compared with 40 cents at this time last year. The futures price for, let's say, a late period in 1965 for Brazilian coffee once hit 56 cents. Today the futures contract for the same date in 1965 can be bought for 40 cents. So there has been a substantial turnaround in the market brought on largely by substantial crops in Africa and every evidence that the Brazilian crop is bouncing back handily.

The CHAIRMAN. Senator Douglas.

Senator DOUGLAS. Mr. Chairman, I regret that I was late. I would like to have a few minutes if I may to prepare my questions.

Senator CARLSON. Just one more sentence.

Senator DOUGLAS. I waive my turn.

Senator CARLSON. Mr. Secretary, I hope you won't take offense at this in any way but when you talk about the urgency of this legislation, and the extension of this act for another 3-year period until 1968 I wonder if seriously the urgency is not because of the impending vote on article 19 in the United Nations instead of any other question?

Mr. BALL. Well, it is not the impending vote on article 19 in the sense that this is not an isolated aspect of our policy to which we are directing our efforts here. It does relate to our whole set of relationships with countries around the world which we have been trying to help, and which we are trying to move toward a more stable situation.

But we are not motivated here by trying to bring about a specific result on the article 19 vote. This affects our whole spectrum of our relationships with these countries.

Senator CARLSON. You would admit, however, that we have some concern at the United Nations about this vote, and that the countries involved, particularly in Africa and Asia and Latin America that you mention, could have some bearing on this.

Mr. BALL. Well, I would admit that, Senator Carlson, but I would say, sir, that we would certainly be here at this time with this same note of urgency whether or not there was an article 19 problem.

Senator CARLSON. Of course, "the urgency" is rather interesting to me because we have been operating under this now for probably 24 months, and getting along very well, then all of a sudden we have to take action and not only approve this legislation but extend it for 3 years more.

Mr. BALL. We have been getting along under a kind of suspended judgment as far as the less developed countries are concerned as to our real intentions in the matter.

Senator CARLSON. That is all.

Mr. BALL. I think there is a moment of truth at which we arrive at some point.

The CHAIRMAN. Senator Douglas?

Senator DOUGLAS. If I have permission I will take advantage of this opportunity.

Mr. Ball, I recognize the political desirability of this agreement as a means of keeping coffee-producing states on friendly relations with the United States and this is important. There is no question about that. But like the Senator from Kansas I am somewhat distressed on what the effects will be on the American consumer. The staff of the Finance Committee has prepared a memorandum. On page 4 it gives the quota actions by the International Coffee Council.

Do you have that before you?

Mr. BALL. I don't have it before me.

Senator DOUGLAS. The figures come from your Department.

Mr. BALL. Right.

Senator DOUGLAS. The initial quota was 45.7 million bags. Yet in November 1963 a proposal to increase the quota by 2¼ percent was defeated. I am told that the consuming countries voted for that but

there was not a majority in the producing countries. By the way, does it have to be a two-thirds vote?

Mr. BALL. It has to be a two-thirds vote.

Senator DOUGLAS. Two-thirds vote of each panel?

Mr. BALL. Yes, it is called a distributed two-thirds vote.

Senator DOUGLAS. A distributed two-thirds vote means a two-thirds vote of the consuming groups and a two-thirds vote of the producing groups.

Mr. BALL. That is right, of each panel.

Senator DOUGLAS. Now, after some difficulty in getting this through the Senate, and the Senator from Kansas and I take some credit for that, the quota was increased by 5 percent to 48.1 million bags, and then further adjustments in May apparently to help specific countries, increased the total by 355,000 bags, or roughly, a total of 48,475,000 bags.

There was a further increase in June 1964 up to a total of 48,773,000 bags.

We had a very able witness who testified that these increases, at least in February, were made with the knowledge that the agreement might have hard sledding in the Senate. We were told that while this did not enter explicitly into the discussion that this was an overhanging factor which helped to contribute to increasing the quota. A very frank gentleman said that.

Now, I notice that last August the quotas were reduced from 48.7 million bags to 47.5 million bags or a reduction of about a million and a quarter bags, with a provision for an increase of 500,000 bags January 8, 1965. But in December the Executive Board recommended to the Council that this increase not be carried into effect.

Is this a true statement?

Mr. BALL. Yes, sir, this is a true statement, as I understand it, Senator.

Senator DOUGLAS. Now, so we come to this situation that the total increase since August 1963, it is now 1965, has been 1,700,000 bags roughly, or slightly less than 4 percent.

Now, as I understand it the world demand for coffee increases at the rate of 3 or 4 percent a year.

Mr. BALL. That is right.

Senator DOUGLAS. Therefore, the quotas have not been increased according to the ratio of the world demand for coffee.

I would like to ask now what is the process by which these quotas might be increased in the future?

Mr. BALL. I will ask Mr. Jacobson if he will speak to that.

Mr. JACOBSON. Senator, when we come to the next quota exercise, that is to say, at the beginning of the next coffee year—the exercise will take place in London in July—we will, as a group of consumers, ask the producers for a quota which we believe is realistic in terms of price objectives, what we believe to be the requirements of the market, what we have decided in the light of the flow of coffee in the prior year, and in the light of what you say is a 3-percent per annum increase in consumption generally.

If the producers fail to agree to a quota increase——

Senator DOUGLAS. That would require a two-thirds vote on their part to agree, is that correct?

Mr. JACOBSON. That is correct. But if——

Senator DOUGLAS. One vote more than one-third——

Mr. JACOBSON. That is correct.

Senator DOUGLAS (continuing). Would mean that there would not be an increase?

Mr. JACOBSON. No. That is the key to this. If they fail to agree with us on the quota, then all quotas are off.

Senator DOUGLAS. All quotas are off?

Mr. JACOBSON. All quotas are off at that point.

Senator DOUGLAS. Where do you find that in the agreement?

Mr. BALL. The distinction is this, Senator Douglas.

Senator DOUGLAS. Because this is the nub of the whole thing.

Mr. JACOBSON. That is right.

Mr. BALL. The important point is this: At the beginning of each coffee year it takes an affirmative action to establish quota.

Senator DOUGLAS. Two-thirds vote on each side?

Mr. BALL. Two-thirds vote on each side. If that affirmative action is not forthcoming and that means affirmative action on the part of the consuming countries as well as the producing countries, then no quotas are established and the whole agreement is wide open. So, the position of the consuming countries is very strong at the beginning of the coffee year because it is they who have to agree, on a two-thirds basis, to the establishments of any quota at all, and they have the ability to reject the idea of any quota for the year, in which case it is completely open.

Now, the changes——

Senator DOUGLAS. Is this well established?

Mr. BALL. Yes, this is well established. Changes are made within the coffee year on a different basis.

Senator DOUGLAS. I am speaking of the global total.

Mr. BALL. Talking of the global quota?

Senator DOUGLAS. Yes.

Mr. BALL. Because to increase the quota then again requires an affirmative act. An increase obviously is something which is proposed by the consuming countries, but the producing country themselves have a veto power unless they must agree by two-thirds. The sanction that the consuming countries have against the producing countries is their threat as to the position that they can take at the beginning of a coffee year to refuse to agree to any quota at all, you see.

Senator DOUGLAS. Is that in the treaty?

Mr. BALL. That is in the language of the treaty.

Senator DOUGLAS. Would you point out the section of the treaty that covers that?

Mr. BALL. Article 30 of the treaty provides that:

At least 30 days before the beginning of each coffee year the Council shall adopt by a two-thirds majority vote an estimate of total world imports for the following coffee year and an estimate——

Senator DOUGLAS. Is this——

Mr. BALL. Yes.

An annual estimate of probable exports from nonmember countries.

In the light of these estimates the Council shall forthwith fix annual export quotas which shall be the same percentage for all exporting members of the basic export quotas specified in annex A.

If under article 30, paragraph 1, if the Council does not adopt an estimate of total world imports by a two-thirds majority, then there is no quota fixed for the year and the result is that there are no quotas for that coffee year.

Senator DOUGLAS. Where is that last language?

Mr. BALL. Article 30.

Senator DOUGLAS. This is?

Mr. BALL. This is the effect of article 30, paragraph 1.

Senator DOUGLAS. That is your interpretation of the effect?

Mr. BALL. This is the understood interpretation of the effect.

Senator DOUGLAS. But it is not in the treaty, or the agreement?

Mr. BALL. Well, this is the agreement——

Senator DOUGLAS. Is that official——

Mr. BALL. This is the agreement I am reading from, it is article 30 of the agreement.

Senator DOUGLAS. Well, I don't see that interpretation in article 30.

Mr. BALL. What article 30 says is that the Council shall adopt by a two-thirds majority vote an estimate of total world imports. If they do not agree on an estimate by a two-thirds majority vote then it is not adopted.

Senator DOUGLAS. That is an estimate, not a quota.

Mr. BALL. That is right. But if there is no estimate adopted then there can be no quota because the quota is fixed only on the basis of the estimate.

Senator DOUGLAS. The second paragraph reads: In the light of the estimate the Council shall forthwith fix annual export quotas which shall be the same percentage to all export members——"

Mr. BALL. The interpretation which we have taken, and, I think, the one accepted by the members of the agreement, Senator Douglas, is that if there is no estimate agreed upon by a two-thirds vote then there can be no quota.

Senator DOUGLAS. This is the interpretation and I want to know to what degree the interpretation is binding; article 35 to which you refer, paragraph 3, states that:

> All decisions by the Council on the fixing and adjustment of annual and quarterly export quotas under articles 30, 31, 32, and 34 shall be taken, unless otherwise provided, by a distributed two-thirds majority vote.

And as you correctly state that distributed two-thirds majority means not a total of the 1,000 votes but two-thirds of the 1,000 votes of the consuming groups and two-thirds of the 1,000 votes of the producing.

Mr. BALL. Yes, again you see this merely confirms what I am suggesting. Because you see all decisions on the fixing of quotas must be taken by a two-thirds majority of the consuming as well as the producing group. If there is not a two-thirds majority of the consuming group, then there is no decision on a quota and, therefore, there is no quota.

Senator DOUGLAS. Have the producing countries ever signed this interpretation?

Mr. BALL. This is the interpretation which we took in the course of the proceedings this last year and which——

Senator DOUGLAS. When you say "we"——

Mr. BALL. The U.S. Government.

Senator DOUGLAS. The U.S. Government, but did the other countries agree to that interpretation?

Mr. JACOBSON. They understood very clearly, Senator, in the July–August quota exercise that it was our position, and in fact after the quota was set, several of the governments said that they had agreed to the figure demanded by the United States.

Senator DOUGLAS. Did they ever sign such an agreement?

Mr. JACOBSON. Well, there is no call for them to do so because the procedures are as Mr. Ball said.

Senator DOUGLAS. Did they ever sign such an interpretation? Can you by a unilateral interpretation bind other parties to an agreement? I had never thought so. I am not a lawyer but I would think not.

Mr. BALL. Senator Douglas, I would submit to you, sir, there is really no other interpretation that can be given to this language because if you say all decisions on quotas, including the decision to establish a quota——

Senator DOUGLAS. You see, Mr. Ball, what Senator Carlson and I are afraid of is just this, that naturally these producing countries will want to get as high a price as possible. It is true that we can veto a decrease in the quota. We can prevent them from decreasing the quota because they won't get a distributed two-thirds vote to decrease the quota. But by standing pat and not increasing—refusing to increase—the quota, our fear is that the rise in world demand will in itself force an increase in price. And the demand for coffee is relatively inelastic, and as demand shifts to the right through more being demanded at the same price, and with quantities being limited the price will go up, and this is the crucial point upon which I think the Senator from Kansas and I have both had very severe doubts in this matter.

Now, what you say is a partial reassurance but I would feel much better very frankly if this were an interpretation to which they would give formal acquiescence and agreement and not merely have it a unilateral declaration on our part that this is what the term means.

Mr. BALL. Well, I would be prepared to assure the committee, Senator Douglas, that this is the position which the United States presently maintains and will continue to maintain.

Senator DOUGLAS. I am very glad of that.

Mr. BALL. That without American acquiescence in this agreement cannot succeed, because from simply the standpoint of voting we have now 400 out of a thousand votes on the consumer side or 40 percent. This amounts to a blocking one-third, and unless there is an acceptance of this interpretation, we would not be prepared to go forward in the agreement, because this seems to us, as it seems to you, an essential element.

Senator DOUGLAS. I have just had handed to me the Wall Street Journal for last week, Wednesday, January 20, and in the article on commodities on page 20 the following paragraph appears:

> Coffee futures were weak. Brazilian and Portuguese officials said current coffee export quotas established by the International Coffee Council exceed realistic levels of consumption. The situation needs urgent correction to prevent a further and unjustified decline in prices they said. Portugal, through its Angola colonies, is a large African producer of coffee. Both officials agreed to seek measures for withholding excess coffee supplies from the market and to adopt a system linking export quotas more closely to prices.

Now, I had not thought they had that power to decrease the quotas because I thought that we could interpose a veto on a decrease in quotas just as I thought they could interpose a veto on an increase in quotas.

Mr. BALL. That is right.

Senator DOUGLAS. But apparently, at least these two countries—Brazil is, of course, the most important country—want actually to decrease the quotas.

Now, under those conditions do you think that they would acquiesce in increasing the quotas?

Mr. BALL. Well, I think that this is the situation in regard to adjustments that are made after the beginning of the coffee year, once a quota is established, then, either in the case of an upward adjustment of the quota, the producing countries have a veto; in the case of a downward adjustment, the consuming countries have a veto. Quite clearly this is the situation.

Senator DOUGLAS. That is right.

Mr. BALL. So that the agreement really operates on the basis of a general understanding as to where the long-range interests lie, and this is in terms of stability.

Now, unless there is agreement of two-thirds of both sides at the beginning of the year there isn't any system at all and this is what it comes down to.

Senator DOUGLAS. The question is if the producing countries veto an increase in the quotas, I had thought that the existing quotas continued?

Mr. BALL. They do.

Senator DOUGLAS. Well then, the upward drift of demand will inevitably raise prices if this happens. Now, you say you can throw the whole thing overboard.

Mr. BALL. At the beginning——

Senator DOUGLAS. You don't repudiate the agreement but you repudiate the quota, is that right?

Mr. BALL. At the beginning of the next coffee year, unless there is an agreement on a quota, there is no quota. But during a coffee year, the quota that is fixed at the beginning continues in effect unless it is adjusted either upward or downward, and that requires a two-thirds vote of both classes, so to speak.

Senator MORTON. Will the Senator yield for a question at this point?

Senator DOUGLAS. Certainly.

Senator MORTON. As I understand it, reading this treaty, once the year's program is set out and quotas are established by positive vote of two-thirds distributed, then on any adjustment of quarterly quotas either side can veto?

Mr. BALL. That is right, Senator Morton.

Senator MORTON. But at the beginning of each coffee year the entire matter starts de novo?

Mr. BALL. That is right.

Senator MORTON. And this requires positive action by two-thirds of each group?

Mr. BALL. That is right, sir.

Senator MORTON. Now, the estimates of the previous year and the history of consumption at the previous year will affect this de novo decision, of course?

Mr. BALL. Exactly.

Senator MORTON. You just don't pick a figure out of the air each year. You have a record to go on. But it is a de novo operation that does require positive affirmation by two-thirds distributed.

Mr. BALL. That is right, Senator.

Senator MORTON. Which means, of course, that there will be no system at all if a deadlock develops in which there can't be a meeting of the minds to achieve stability between the producing and the consuming countries?

Mr. BALL. Exactly.

Senator DOUGLAS. My attention has just been called to an article in the Financial Times of London, I don't know the precise date, which seems to imply there is a producers' cartel operating independently—either outside the agreement or inside the agreement. It says that they have decided to retain and to hold back from the market 20 percent of the authorized annual quantities allocated by the International Agreement, and that this means there will be 1,700,000 bags of Robusta coffee—whatever that is—withheld from the market.

(The article referred to follows:)

PRODUCERS CARTEL OUTSIDE THE AGREEMENT REJECTS QUOTAS TO WHICH UNITED STATES AGREED

[Financial Times of London]

LATE REVIVAL IN COFFEE—IACO TALKS LEAVE MARKET SKEPTICAL

(By our commodities editor)

Robusta coffee prices dropped sharply yesterday, losing all Friday's gains, but renewed short covering brought another revival with the March contract closing at 205s 6d a hundredweight.

However, it is felt that the communique issued by the price committee of the Inter-African Coffee Organization after its 2-day meeting in Paris has had little effect on market sentiment, but rather that prices have been revived by fears of sterling's weakness.

The committee has decided to retain 20 percent of the authorized annual quantities allocated by the International Coffee Agreement. This will mean that over 1.7 million bags of robusta coffee will be withheld from the market. It has also been agreed that no member will make any more forward sales until further notice, and all sales will be registered with the Secretary General.

This has left the market still rather skeptical. In the past the Ivory Coast and Angola have certainly shipped contrary to the decisions of IACO. And with coffee pouring into the warehouses it is very difficult for most African countries not to ship.

Uganda has made arrangements with Kenya to store some of its coffee. So it may be able to hold out longer than the rest. It has also approached Brazil, where the Uganda Minister of Agriculture, Mr. Ngobi, has been on a visit. A statement by both countries issued last weekend says they consider necessary an immediate reduction of the global quotas fixed by the agreement for the 1964–65 coffee year.

SUPPLY AND DEMAND

The main problem facing producers in fact is that with recovery of the Brazilian crop, supply is moving ahead of demand (last year Brazilian exports dropped by nearly 5 million bags to 14.8 million bags).

Uganda has agreed with Brazil's proposal to tie quotas to prices and create an international fund to finance retention. It has also decided, according to Mr. Ngobi, to limit production. But until other countries follow suit, the quota system appears to be too flimsy a vehicle for limiting supplies to the market.

Senator DOUGLAS. Is there such a producers' cartel which refused to abide by the agreement?

Mr. BALL. There has been, as I had understood it, for many years cartel arrangements within the coffee industry. The fact is that what happened in 1954 at the time of the very high rise in prices—to 90 cents or something—on Brazilian Santos, was a result of the efforts of the cartel.

Now, I think, we should be quite clear on what this agreement has done. Without an agreement, the producers would certainly continue to try to strengthen their organization of a cartel. The trouble with a cartel, in operation is that somebody usually chisels on it on some point and it, therefore, has that element of weakness.

The big problem in the coffee trade from the producers' point of view has been to get a real solid line between the Latin American coffee producers and the African coffee producers, there has been a measure of disagreement.

Now, there is a cartel arrangement which still persists but the point is that for the first time there is a responsibility on governments to bring about stability in the markets, and there is a forum in which all these matters can be discussed between governments and where governments can exercise their influence over their domestic producers.

Otherwise, we leave it simply to private action which is always, as you well know, against the consumer.

But here we transfer the action from the private cartel to governments and give governments responsibility. There is a provision under the agreement—article 42, for the registration of any price arrangements—which is, in effect, any producers' arrangements or producer and consumer arrangements—and the Council is able to take action with the governments with respect to those agreements.

Senator DOUGLAS. Mr. Ball, it seems to me there is another very essential feature of this agreement in the legislature; namely, that the consuming countries become enforcing agents of whatever quota system is adopted.

This is certainly a moral obligation created that we will not import coffee from any country which is not in the agreement, and that furthermore we will not import coffee from any individual producer who does not abide by the quotas established for his country, and that each bag of coffee or each shipment of coffee have to be clearly labeled to indicate as to whether or not it is entitled to come in. We are an enforcing agent. I have been in Central America and I have talked with a number of the coffee producers there, and I don't think they quite knew what I was seeking for but they said in their judgment the agreement would not be enforceable unless the consuming countries agreed not to take coffee produced outside the quotas.

So, we have become in a sense enforcing agent.

Mr. BALL. That is right.

Senator DOUGLAS. Isn't that true?

Mr. BALL. That is true, sir.

Senator DOUGLAS. Yes.

It is very puzzling. If I could feel assured, if I could feel assured, that in the absence of agreement on the annual quota that the whole thing would be dissolved, I would feel much happier about this.

Mr. BALL. I could give you——

Senator DOUGLAS. But with the temper of the producing countries, and I don't blame them at all, it would seem to me that they would reject any such interpretation as you give.

Mr. BALL. Well, I could——

Senator DOUGLAS. Does Brazil agree to this?

Mr. BALL. In fact, they have by the action that was taken.

Mr. JACOBSON. Senator, last July or August we had a major difference of opinion with respect to the quota question and the issue finally went the way we insisted. Several governments of Latin America acknowledged they had to go along with us because otherwise there would not have been any quotas whatsoever. There were public statements to that effect.

Senator DOUGLAS. Did Columbia agree?

Mr. JACOBSON. Yes.

Senator DOUGLAS. Did the Central American States agree?

Mr. JACOBSON. Well, in acknowledging and agreeing to accept our position on quotas at the time the position of our consumers implicitly they agreed.

Senator DOUGLAS. Did the African States agree?

Mr. JACOBSON. Implicitly yes, I can't state explicitly.

Mr. BALL. Senator Douglas, I can assure you that unless this interpretation is followed the United States will find it impossible to agree to a quota at the beginning of a coffee year. Since we have 40 percent of the vote and since all we require is one more state no matter how small to join with us, we certainly would not respect any quota that was fixed without our approval.

Senator DOUGLAS. You see—and I don't wish to belabor this point—what some of us are afraid of is that the quotas will be frozen in the face of rising world demand and that this will consequently lead to an upward move in prices.

Mr. BALL. This is the importance of having a de novo action taken at the beginning of each coffee year because this prevents a setting up of a structure which continues over the year.

Senator DOUGLAS. Now, suppose the country says we didn't agree to the interpretation which the United States made, there may have been some verbal talk, but the people are acting ultra vires and we reject it because apparently there are some already rejecting the existing quotas and imposing quotas within quotas for a smaller quantity. Suppose they reject our interpretation, and they are very adroit people; would our Government be prepared to say we would buy coffee wherever we wanted to and in whatever quantity?

Mr. BALL. We would say we would not respect any quota that is not fixed in accordance with the two-thirds requirement.

Senator DOUGLAS. Would it be the policy of our Government if the quota were maintained as a fixed level in the face of rising world demand for several years that we would then be willing to buy coffee in the open market in such quantities as the domestic trade might desire?

Mr. BALL. Well, as you know, there would be other factors including inventory changes and matters of this kind. But it would certainly be our policy to insist upon the establishment of quotas which would not result in a rising price as a result of the pressure of increased consumption to the point where we would get out of what we would regard as a very reasonable range of coffee prices.

Now, that reasonable range I suppose is somewhere within the range of 40, 45 cents, something of that sort.

Senator DOUGLAS. Where it is now?

Mr. BALL. About where it is now.

Senator DOUGLAS. Futures are a little lower——

Mr. BALL. Which is something less, I think, than the 15-year average.

Senator DOUGLAS. Mr. Chairman, I don't wish to prolong this questioning. It is both interesting and very crucial. But there's just one other point of Mr. Ball's testimony that I would like to ask him about.

I notice that he stated that the vast majority of coffee output was produced by small farmers. That was in your testimony, wasn't it? Page 2? "Overwhelming majority of small farmers cultivating less than 5 acres of land," does this mean the vast majority of coffee is produced by the small farmers or does it mean that there are more small people than big people?

For instance, I have just been going over figures of concentration of profits in manufacturing concerns in this country and I find that the top 20 manufacturing concerns have, I believe, 36 percent of the profits. Of the total of 420,000 manufacturing concerns in the country, the top 1,000 have 86 percent of the profits. The bottom 419,000 have 14 percent of the profits.

Now, you can say the vast majority of manufacturers are small enterprises but they get a very small fraction of the total profits and do a very small fraction of the total volume of business and have a very small fraction of the total assets.

But what I would like to ask now: Is it true that 60 or 70 percent of the coffee is grown on holdings of less than 5 acres?

Mr. BALL. I don't know the answer to that, Senator Douglas, the situation varies greatly, I will try to get it for you; the situation varies greatly as between one country and another. By and large, in Africa the coffee is grown almost entirely on very small plots.

Senator DOUGLAS. That is right. But what about Brazil? What about Colombia? What about El Salvador? I guess Costa Rica does have small farms. What about Guatemala?

Mr. BALL. I have here this information: that in Brazil about half the total production comes from medium-sized farms of 8 to 65 hectares.

Senator DOUGLAS. A hectare is two and a quarter acres?

Mr. BALL. That is right.

Senator DOUGLAS. So that would be from——

Mr. BALL. From 19 to about 140 acres, I think.

Senator DOUGLAS. That is not a small farm.

Mr. BALL. A third comes from large farms of from 65 to 250 hectares. Plantations of over 250 hectares and small farms of less than 8 hectares remain as the remaining output in about equal proportions.

Senator DOUGLAS. I wonder if you will submit that table translated into acres.

Mr. BALL. All right, surely.

Now, this differs quite a bit. In Colombia, the small farm of under 10 hectares is the typical unit.

Senator DOUGLAS. 110?

Mr. BALL. No; of under 10.

Senator DOUGLAS. Twenty-two acres.

Mr. BALL. Yes; is a typical unit accounting for about three-fifths of the total output.

In El Salvador, on the other hand, two-fifths of the area under adult plantation are in farms of over 50 hectares; in other words, they have big fincas there.

In Africa, the number of small farms has been expanding rapidly, for example. In Kenya, the number of licensed growers rose from 8,000 in 1951 to almost 85,000 in 1958.

In Uganda some 85 percent of production is by African smallholders, most of whom own under 500 trees, coffee trees, I suppose.

Similarly, in the Ivory Coast more than 90 percent of the coffee areas are in the hands of African farmers.

Senator DOUGLAS. Mr. Ball, I do not want to detain you too much. Let me say I spent some time in Guatamala and El Salvador in December of 1963.

Mr. BALL. Very large fincas there.

Senator DOUGLAS. I found there it was not so much that a single farm was so large but you would have a plantation owner who would own a number of farms and operate them under central control, so that these figures—and this is a very slippery business, I know, and I suppose it is impossible to get that—but the figures by far do not mirror the concentration of the ownership of the farms, and one has only to look at El Salvador or Guatamala, for example, to realize that the major portion of the coffee which is grown is owned and controlled by a reatively small percentage of people.

There is some question as to whether the 14 families in El Salvador control the entire production. At times they were claiming through family descent, just as the five families of Hawaii have become more, so there are 40 families.

A friend of mine had dinner with one of these families and they pounded their chests and said:

> They say there are 14 families in El Salvador. I want to tell you this is wrong. There are only five families, and we are one of them.

But what I have been afraid of is that this will mean not increased income for the laborers, but greatly increased income for the big plantation owners, and that what you have will be that the low-income people in this country will be subsidizing the high-income people in the coffee-producing countries.

Mr. BALL. Of course, what we are seeking here, Senator Douglas, is income stability, and this is important not merely for continuity of employment on the part of the workers on the plantations, but also as far as the foreign exchange earnings of governments go. Because it is almost impossible to do sensible planning unless they have some assurance as to the flow of foreign exchange over the forthcoming period. But we will try to get you an analysis of this question of ownership. Frankly, I do not have more than this.

Senator DOUGLAS. It may be impossible to get.

Mr. BALL. I will see what we can find out.

(Information subsequently supplied follows:)

SIZE OF FARMS IN COFFEE-PRODUCING COUNTRIES

Comprehensive data on the size of farms and on farm ownership is unavailable in many of the coffee-producing countries. Being underdeveloped countries, their statistical services are mainly inadequate or totally lacking. The FAO, in its most recent study of "The World Coffee Economy" does have this to say:

"One factor which tends to enhance the difficulties of raising the general standard of cultivation practices is the increasing importance of production by

small holders and peasant proprietors. The number of small holders has probably doubled since 1946, the growth in this group being especially marked in Africa. Probably one-third of the world production now comes from farms of less than 24.7 acres.

"In Brazil, about half the total production comes from medium-sized farms of 19.8 to 160 acres, while a further one-third comes from large farms of 160 to 618 acres. Plantations of over 618 acres and small farms of less than 19.8 acres account for the remaining output in about equal proportions. In Colombia, the small farm of under 24.7 acres is the typical unit, accounting for about three-fifths of the total output; most of the rest is accounted for by farms of 24.7 to 123.5 acres. By contrast, in El Salvador, two-fifths of the area under adult plantation are in farms of over 123.5 acres, and a further one-third in farms of 24.7 to 123.5 acres.

"In Africa, the number of small farms has been expanding rapidly in recent years. In Kenya, for example, the number of licensed African growers rose from 8,000 in 1951 to almost 85,000 in 1958. In Uganda, some 85 percent of production is by African small holders, most of whom own under 500 trees each. Similarly, in the Ivory Coast, more than 90 percent of the coffee area is in the hands of small African farmers, and the proportion is also high in Ruanda Urundi, Tanganyika, and Madagascar.

"This expansion in the number of small holders has meant a corresponding increase in the importance of coffee in the economic and social structure of these countries. But, at the same time, this development may have made it more difficult for governments to influence the trend in production, should they wish to do so."

*Distribution of coffee acreage, by size and type of coffee farm and plantation, Guatemala, 1960*

| Type of farm and plantation, by acreage in coffee | Approximate number of coffee farms and plantations | Approximate total acreage | Average size in acres |
|---|---|---|---|
| Noncommercial plots [1] under 2.5 acres | 19,000 | 12,000 | 0.6 |
| Private commercial farms and plantations: | | | |
| Under 12.4 acres | 9,325 | 68,000 | 7.3 |
| 12.5 to 37.1 acres | 1,550 | 36,000 | 24.0 |
| 37.2 to 125 acres | 530 | 63,000 | 119.0 |
| 125.1 to 500 acres | 470 | 123,000 | 262.0 |
| Over 500 acres | 50 | 86,000 | 1,720.0 |
| Subtotal, private commercial farms and plantations | 11,925 | 376,000 | 31.5 |
| Government-owned plantations over 500 acres [2] | 75 | 62,000 | 827.0 |
| Total | 31,000 | 450,000 | 14.5 |

[1] Grown for use of owner, not marketed.
[2] Controlled by Fincas Nacionales, an autonomous Government agency.

*Distribution of coffee holdings, Nicaragua, 1960*

| Total size of farm or plantation (acres) | Number of farms | Approximate total area planted to coffee | Average area in coffee |
|---|---|---|---|
| | | *Acres* | *Acres* |
| Under 2.5 | 394 | 600 | 1.5 |
| 2.5 to 12.4 | 1,604 | 6,600 | 4.1 |
| 12.5 to 25 | 912 | 7,000 | 7.6 |
| 25.1 to 50 | 1,210 | 12,000 | 10.0 |
| 50.1 to 125 | 2,775 | 39,800 | 14.0 |
| 125.1 to 250 | 1,412 | 38,000 | 27.0 |
| 250.1 to 1,250 | 1,200 | 86,000 | 72.0 |
| Over 1,250.1 | 96 | 23,000 | 240.0 |
| Total | 9,603 | 213,000 | 22.2 |

*Distribution of coffee acreage in Costa Rica, by size of farm holdings, 1955*

| Size of farm holdings (acres) | Number of farms | Area planted to coffee (acres) | |
|---|---|---|---|
| | | Total | Average per farm [1] |
| 1.7 to 2.47 | 1,520 | 2,200 | 1.4 |
| 2.48 to 24.7 | 11,430 | 42,500 | 3.7 |
| 24.8 to 49.4 | 3,140 | 19,700 | 6.3 |
| 49.5 to 247 | 4,930 | 47,600 | 9.7 |
| 248 to 494 | 550 | 11,300 | 20.5 |
| 495 to 2,470 | 350 | 23,800 | 68.0 |
| Over 2,470 | 67 | 8,400 | 127.0 |
| Total | 21,987 | 155,500 | 7.1 |

[1] These are averages. Some farms, both large and small, have a much higher percentage of acreage in coffee than do others.

*Distribution of coffee acreage in El Salvador, 1955*

| Size of area planted to coffee (in acres) | Number of holdings | Total area planted to coffee (in acres) |
|---|---|---|
| Up to 2.47 | 9,795 | 9,120 |
| 2.47 to 24.7 | 7,652 | 53,146 |
| 24.7 to 123.5 | 1,952 | 93,758 |
| 123.5 to 247 | 248 | 41,575 |
| 247 to 494 | 121 | 37,406 |
| Over 494 | 61 | 41,379 |
| Total | 19,829 | 280,384 |

*Distribution of coffee farms in Honduras, 1952*

| Acreage in coffee | Percent of farms | Percent of area |
|---|---|---|
| Under 2.5 | 59 | 17 |
| 2.5 to 12.4 | 35 | 41 |
| 12.5 to 25 | 4 | 16 |
| 25.1 to 50 | 1 | 11 |
| 50.1 to 125 | 1 | 9 |
| 125.1 and over | (1) | 6 |

[1] Insignificant.

Senator DOUGLAS. Mr. Chairman, I think I have taken, perhaps, more time than is my arithmetical share. I regret this. I want to thank Mr. Ball for his very intelligent answers. I wish my doubts could be cleared up because I see the political advantages, which are very strong.

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Do I understand that the objective of this treaty, Mr. Ball, this arrangement is to enhance and stabilize the income of the coffee-producing countries?

Mr. BALL. Well, I should say it is to stabilize the income of the coffee-producing countries at a reasonable level. We are not talking about trying to transfer resources by the maintenance of artificially high prices.

Senator CURTIS. But its objective is the economic well-being of the producing countries?

Mr. BALL. That is right. One of the major elements in well-being is stability of income.

Senator CURTIS. That would be brought about by several things. One, coffee sold in the consuming country would have to be labeled as to the country of origin.

Mr. BALL. That is right, sir.

Senator CURTIS. It would also be brought about by a quota that limits the total amount of coffee that can come into the country, is that right?

Mr. BALL. It limits the amount of coffee that could be exported by a producing country.

Senator CURTIS. Is there a specific quota on any consuming country?

Mr. BALL. No, not on any consuming country.

Senator CURTIS. Conceivably then they could enter into an agreement to limit production to a certain amount, and one country could come in and buy it all.

Mr. BALL. That is possible, and the point of having certificates of origin is that then the Coffee Council is advised as to where the coffee has gone. It can detect this situation.

Senator CURTIS. In addition to bringing about a better economic situation for these coffee producers, it has to be labeled as to country of origin, there is a quota which tends to balance consumption with production, and also there is the weapon of a complete prohibition of the importation; is that right?

Mr. BALL. Well, the agreement on the part of the consuming countries is that they will not import from countries which are not members of the coffee——

Mr. JACOBSON. No, Senator, they are required to limit their imports from nonmembers to the average of their level of imports from the period 1960 to 1962. There is no flat prohibition of imports from any country; and those limitations are not now in effect because the prohibition runs only when more than 5 percent——

Senator CURTIS. Here, prohibiting imports of coffee that are not accompanied by certificates helps exporting countries police their quota system.

Mr. BALL. That is right.

Senator CURTIS. Now, how would a producer country that had not signed get a certificate?

Mr. BALL. Well, in a situation where imports of producing countries that were not members of the Coffee Council, of the coffee agreement, had not exceeded 5 percent of the total world consumption in a base period, there wouldn't be any prohibition imposed on those imports. It is only when the Coffee Council determines that the nonmember countries had accounted for more than 5 percent of the exports that they then impose restrictions on the imports by the consuming countries of those—from those areas. The levels at which those import restrictions are imposed are the levels that existed during a base period.

Senator CURTIS. Who would issue them a certificate?

Mr. BALL. They do not have to have a certificate.

Senator CURTIS. They cannot export without it.

Mr. JACOBSON. No nonmembers, Senator, are permitted to export without certificates of origin. We are permitted to import their coffee.

Senator CURTIS. Export how much?

Mr. JACOBSON. When no limitations are in effect, they have no limitation.

Senator CURTIS. I mean when limitations are in effect.

Mr. JACOBSON. When limitations are in effect they are permitted to export up to the average of their exports to member countries in the years 1960–62.

Senator CURTIS. How are you going to enforce that?

Mr. JACOBSON. Member importer countries are required to notify the coffee organization of their imports from nonmembers.

Senator CURTIS. The importing countries?

Mr. JACOBSON. Make the notification to the coffee organization.

Senator CURTIS. Provide the mechanism for enforcing it.

Mr. JACOBSON. That is correct, against nonmembers.

Senator CURTIS. Well now, is it the policy of the State Department to apply the same protections to domestic producers of agricultural foodstuffs?

Mr. BALL. No, domestic producers are not involved in the agreement.

Senator CURTIS. I know they are not involved in this, but is it the policy of our State Department to grant to our domestic producers these same protections? In other words, do you favor requiring the labeling of other agricultural imports as to the country of origin in order to improve the economic well-being of domestic producers?

Mr. BALL. I do not know that the problem has ever arisen, Senator, to my knowledge.

Senator CURTIS. Oh, yes, it arises in every Congress where bills are introduced to label farm goods. It arose in connection with the import beef crisis, and so on.

Mr. BALL. You are talking about the various labeling acts. These are not in the context of an international arrangement. I mean, these are unilateral actions which——

Senator CURTIS. I understand that. But here you are advocating a system requiring imports to show their origin, a matter that you say is for the economic well-being of the foreign producers.

Well, is it the position of the State Department to grant that same protection to domestic producers of agricultural products?

Mr. BALL. Well, all we are talking about here is trying to enforce an international arrangement, and in the absence of an international arrangement, it is a wholly different problem.

Senator CURTIS. No, you cannot limit the inquiry of this committee that way.

Mr. BALL. Let me answer your question then.

Senator CURTIS. We are responsible for tariffs, trade agreements, and the whole thing affecting the American economy, and I think it is a fair question to know if our State Department comes in and advocates certain protective measures for foreign producers, whether or not your position is that those same protective measures be granted to domestic producers of agricultural products, and my question is, Do you favor the labeling of imports with their country of origin for the benefit of domestic producers?

Mr. BALL. We have opposed, as a general rule we have opposed, labeling acts. Labeling acts are of a quite different matter from what we are concerned with here, and let me explain, if I may, why I say that.

The purpose of labeling acts, by and large, is to flag to the consumer—because most of them require that the label be such as to appear on the package that the consumer buys—that these are of foreign origin, and these are mostly in aid, I mean it is obviously in aid of the possibility of organizing consumer movements for a protectionist purpose.

We, in our experience, feel that this is not a useful or desirable thing, and we have taken this position consistently over the years. What we are talking about here is an entirely different matter.

Senator CURTIS. The objective of both is to restrict importation for the benefit of the producer, only the producer in one instance is a foreign producer.

Mr. BALL. Well, we are talking about the question of any kind of import limitation, whether it be by label or not, because the effect of one kind of label is to permit organized consumer resistance. The effect of another is to be able to advise an international council, give it the information that will enable it to carry out an international agreement. They are quite separate things.

Senator CURTIS. Well, I do not think so; I do not think so. It is the producing groups that advocate the labeling of the country of origin. Now, they may appeal to consumers for assistance, but the economics of it are identical.

Mr. BALL. We are not trying to protect the foreign producer from the competition of the American producers, whereas the purpose of labeling acts is to protect the American products from the competition of the foreign producers. They are very different in objective.

Senator CURTIS. Who are you going to protect in this?

Mr. BALL. What we are trying to do is to bring about some stability in markets which will be beneficial to everybody, including the American consumer, including the American coffee industry, and you will find that this bill—and the agreement—are generally supported by the coffee industry in the United States.

This is an attempt to bring stability into an industry that has been racked by chaotic price conditions over a long period. These created not only economic but political disruption.

Senator CURTIS. I am in sympathy with that. I think if the foreign producers of coffee have an extremely low price that some reasonable arrangement to raise that price—that the seller of agricultural commodities would have something to say about that price is sound.

But I do object to the State Department granting a measure of protection establishing a policy which we do not grant to the domestic producers.

Mr. BALL. It seems to me, Senator Curtis, that the considerations are wholly different, because what we are trying to do, as far as the foreign coffee producer is concerned, is not to give him the kind of protection from other competition which will enable him to raise the price to an artificial level, but simply to give him some stability.

The intention of most of the labeling acts is to discourage foreign imports in order to give the American producer a larger share of the domestic market.

Senator CURTIS. They have identically the same objectives.

Mr. BALL. The objective of one is stability, and the objective of the other is protection.

Senator CURTIS. No, it is stability, because one would build a domestic industry to a strength that would enhance its price, yes, but also make it so that it would not have the peaks and valleys, and work to the interest of the consumer in the long run, and the other one would be to do it for the foreign producers.

I think that philosophically your position, the position of the State Department, here today is diametrically opposed to all of the trade agreement proposals that you have ever brought in here.

Mr. BALL. I could not accept that, Senator, quite frankly. I think it is totally consistent with the idea of liberalization of the trade, on the one hand, and the effort to bring some price stability into markets on the other hand.

Senator CURTIS. Well now, could a potential purchaser in this country contact a producer in another country and negotiate a contract for the importation of coffee irrespective of this whole arrangement?

Mr. BALL. Well, he certainly—this is exactly the way it works. I mean, normal trade goes on exactly as it always has.

Senator CURTIS. But it has to conform to this arrangement.

Mr. BALL. The producing country agrees to limit its exports in accordance with quotas that are fixed by the International Council. But as far as the United States is concerned, all we do is require certificates or origin so that the Coffee Council will be advised if the quotas are being exceeded by any producer.

Senator CURTIS. All right.

Suppose a country limits their exports, and their export quota is all parceled out. Can a U.S. purchaser go to another person in that same country and buy some more coffee?

Mr. BALL. Not if the quota is exhausted. If the quota is not exhausted, he can.

Senator CURTIS. That is right. This is a trade barrier, not a liberalization of trade. You know that, do you not?

Mr. BALL. It is a matter of the purpose for which it is employed. In the one case, as I say, it is employed for the protection of one industry against competition. In the other case it is employed for the purpose of bringing some kind of price stability in the world market.

Senator CURTIS. Well, they are inseparable. Price stability in the world market, I think, that generally accepted term would be a good thing for the producers of any item. I do not think you made a distinction there at all, but that is all, Mr. Chairman.

The CHAIRMAN. Senator Talmadge.

Senator TALMADGE. No questions.

The CHAIRMAN. Senator Morton.

Senator MORTON. I will yield to Senator Dirksen who has a point he would like to clear up.

The CHAIRMAN. Senator Dirksen.

Senator DIRKSEN. Mr. Secretary——

Mr. BALL. Yes, sir.

Senator DIRKSEN. Is it true that a 1-cent increase in the price of coffee will burden the American consumer to the extent of $32½ million?

Mr. BALL. Yes. I am told it is approximately right, Senator Dirksen.

Senator DIRKSEN. Is it true that since 1962 there has been an increase in coffee prices of 11.78 on the New York spot market, which would be about 14 cents retail?

Mr. BALL. That is about right, sir.

Senator DIRKSEN. That would put a burden or did put a burden on the American people in round figures of $350 million.

Mr. BALL. That would be about the effect; yes.

(The following was subsequently submitted by the State Department:)

The foregoing figure should be corrected. Data for 11 months indicate that U.S. imports of coffee in the year 1964 exceeded those for the years 1963 and 1962 by approximately $230 and $210 millions, respectively. The net drain on the U.S. balance of payments was considerably less inasmuch as countries exporting coffee spent a substantial amount of their coffee earnings for purchases of U.S. goods and services.

Senator DIRKSEN. Now, if perchance as a result of the coffee treaty and the implementing legislation, they manage to get another increase of, say, 10 cents a pound overall, that would be an additional burden of roughly $325 million.

Mr. BALL. Yes. But I think that at some point you would get a fall in consumption because there is some price flexibility of demand here.

Senator DIRKSEN. Now, alluding to a point raised by Senator Douglas, I see from one of the dispatches from Rio that the Africans evidently are going to support Brazil in whatever position she may take and that, as a matter of fact, the Minister of Agriculture from Uganda actually did go to Brazil, so that is an operation between one government and another in the producing area.

Mr. BALL. I think we can expect, Senator Dirksen, that the producing countries will do their best to get together just as the consuming countries will attempt to protect their interests in this matter.

Senator DIRKSEN. I note also in one of the Latin American letters that African producers actually did meet on the sixth day of January of this year and have come to an informal agreement to make their own quotas and to keep 20 percent of the crop off the market. Has that come to your attention?

Mr. JACOBSON. Senator, our understanding is that they made such a decision. They did this against a background of very heavy shipments of African coffees and very heavy production, so much so that within this coffee year, which began on October 1, the price of African coffees has dropped from approximately 35 cents a pound to a low of something like 25 cents a pound.

The Africans then decided if they kept up their cutthroat sales, fully exploited their sales, their quota sales, and in addition violated—to use a blunt word—violated their export quotas, they faced a further collapse of coffee prices.

So they joined together to try to bring some order into their marketing policies. I think that is the reference to the meeting of January 6.

Senator DIRKSEN. I take it from the staff data sheet that the quotas in December of 1964 were actually 1,300,000 bags smaller than in June of 1964, notwithstanding the fact that coffee consumption obviously had to go up.

Mr. JACOBSON. Senator, the quota which we set in December after canceling out the 500,000 bags that we could have obtained was approximately 47½ million bags, contrasted with the quota at its maximum in the prior year of 48.8 million bags, a reduction of roughly 1.3 million.

Now, we must remember that in that prior year, the year just passed, we had raised the quota actually from 45.7 to 48.8 million bags of coffee, much more than we anticipated the increase in consumption to be, but to allow for a great big increase in inventories as buyers scurried in the market to get fresh coffee in the light of the Brazilian frost, and then the drought.

Now, having built up these inventories, with consumption having shrunk a little bit in the United States in the past coffee year because of the increase in price, the producers felt that the market could not absorb, and we agreed with them, the same amount of 48.8 million bags of coffee because inventories were heavy, and this is one of the reasons, in fact, why buying has been relatively light this year. So we adjusted the quotas downward to reflect our honest anticipations of what the market could absorb.

As I indicated, I believe to Senator Douglas before, the actual record of exports this year shows that exports will indeed be running at less than the figure of 47½ million bags of coffee, and it is this which has prompted the producers to get together, in Paris most recently, and to suggest a further cut in quotas. As I indicated, we are looking that matter over and have taken no decision on it whatsoever.

Senator DIRKSEN. Do you agree that the only way to stabilize prices, and certainly the only way to keep them in due bounds from the standpoint of the American consumer, would be to enlarge the quotas. Is there any other way to do it?

Mr. JACOBSON. Taking the swings with the roundabouts, there is absolutely no doubt about it.

Senator DIRKSEN. Yes.

Mr. JACOBSON. No doubt about it.

Senator DIRKSEN. So it is a question of quotas.

Now, all this suggests a foundation for one thing. When we considered this matter last year, the committee adopted an amendment I offered as a substitute for section 4 of last year's measure. That gave Congress some measure of control, and I thought they should have some control.

Now, the point was made that probably this was an infringement of an executive power and violated our general concept of the separation of executive and legislative powers.

Mr. BALL. That is right.

Senator DIRKSEN. So the bill that is before us now contains State Department language which begins with words "It is the sense of Congress."

Mr. BALL. That is right, Senator Dirksen. This was an attempt to meet a constitutional objection which had been raised.

Senator DIRKSEN. Yes.

Now, we discovered, of course, in the memorandum that the Department of Justice delivered to Congress with respect to the Russian wheat shipments that if the Congress actually wanted to be in control it would have said so. But having used the language in the

Agricultural Act of 1961 that it was "the sense of Congress," therefore, it had no validity and no real effect and, in consequence, it was ignored.

Now, that language as submitted by the State Department bothers me.

I could go along with the bill, I went along with it last year, I could go along with the bill, if in section 2, and if you have got the bill before you——

Mr. BALL. Yes, I do have it before me.

Senator DIRKSEN. You would preserve the first part of the language as it came up, so that it would read:

"On and after the entry into force of the International Coffee Agreement, 1962, and for such period prior to October 1, 1968, as the agreement remains in effect," and then add this language "or until the Congress by concurrent resolution determines that an unwarranted increase in the price of coffee has occurred," and then go on with the language of the bill.

If you can fix a limit on the executive power, and October 1, 1968, by legislation under this treaty, I know of no reason why by the same legislation, using a concurrent resolution that the President does not have to sign, you are still within this separation of those powers, and it does give the Congress some control over this matter.

Mr. BALL. I would want to discuss this language with the Department of Justice, Senator Dirksen. This would, in effect, give the Congress the right to terminate the agreement without executive consent, as I understand it, because a concurrent resolution, of course, would not require the President's signature.

Senator DIRKSEN. Well, it determines that an unwarranted increase in the price of coffee has occurred and then, of course, the President acts on that finding, but we do not put in other hobbles or restrictions on the President.

Mr. BALL. Well, I would want to consult the Department of Justice. I am anxious to find a solution to this problem that will meet the concerns of Congress and, at the same time, does not create constitutional problems, and we will certainly be prepared to discuss this or see if we can find an alternative with the Department of Justice—is there anybody here from Justice?

Senator DIRKSEN. I may say for myself, and I think for the committee, that we are all seeking to find a solution.

Mr. BALL. Surely.

Senator DIRKSEN. And, at the same time, repose some measure of authority in the Congress if these prices get out of hand.

Mr. BALL. Right.

Senator DIRKSEN. And there can be no question from what is going on at the present time, such as setting up a cartel in Africa to hold coffee off the market to raise prices, and I understand something of the same nature was going on in Latin America. Now, the Congress, I believe, would be remiss in its legislative duty if it did not retain some measure of control. That is why this implementing legislation is giving me some difficulty.

Mr. BALL. Senator Dirksen, let me say we will endeavor to try to find a solution with your staff and the staff of the committee. But

I would want to have the advice of the Department of Justice on the constitutional issue.

Senator DIRKSEN. Thank you. But that is the principal interest, I think——

Mr. BALL. Surely.

Senator DIRKSEN (continuing). At the present time.

Mr. BALL. Yes.

Senator DIRKSEN. If we can find a solution, I do not believe——

Mr. BALL. It is certainly our intention to find such a solution.

Senator DIRKSEN. That is all, Mr. Chairman.

The CHAIRMAN. Any further questions? Senator Douglas?

Senator DOUGLAS. Mr. Chairman, I do not wish to inject again, but I hold in my hand, as was once remarked, the Wall Street Journal for this morning, and on page 2 there is this article:

> Representatives of 28 coffee-producing countries accounting for about 96 percent of world coffee exports voted in Paris to seek an immediate 5-percent reduction in annual export quotas within the framework of the International Coffee Organization. The group said this was "an urgent move to stabilize the world coffee market."

I would say that the word "stabilize" always has a peculiar connotation, producing countries always believing it should be stabilized at a higher level than that which presently exists. But to continue—

> Request for quota reduction is to be made at a February 1 meeting of the Executive Board of the International Coffee Council.

It goes on to say:

> The results of the Paris meeting were released through the New York office of the World Coffee Information Center. Producer meetings were held under the auspices of the French-speaking producing countries in Africa. Brazil, too, is strongly urging a tightening in world export quotas reflecting producer dissatisfaction with current market levels. Dealers at New York estimated that a 5-percent reduction in the basic annual quotas set up under the Coffee Act would amount to 2 million bags.

I made some rough computations, indicating that the elasticity of the demand for coffee is not greater than 0.5, maybe less than that, and this would mean, a 5-percent reduction would cause, a 10-percent increase in price per pound, which would mean an increase of 4½ cents roughly per pound which, as my colleague has said, would mean an increase roughly of around $140 million a year.

Now, we are in a very peculiar situation where you have a cartel within a cartel, and the producing countries can reject the quota established by the agreement, as a whole, fix a smaller quota than that agreed on under these conditions, and refuse to grant licenses to anyone who exported greater quantities than these. Would we then be bound to respect the export licenses granted by these nations and to refuse to handle coffee which was not so licensed?

Mr. BALL. I think it would probably become fully apparent only at the end of the coffee year because we would have to see whether they actually shipped up to their quota or not.

Senator DOUGLAS. But if they did not?

Mr. BALL. If they did not, then it would become an element in the fixing of the quota in the following year, which is the point where the leverage in the consuming countries is the greatest.

Senator DIRKSEN. Would my colleague yield?

Senator DOUGLAS. Yes.

Senator DIRKSEN. I would suppose in the jargon of the market, we would call it hot coffee.

Senator DOUGLAS. Yes. We like hot coffee rather than cold coffee.

Mr. BALL. Senator Douglas, I would just like to say we have no intention of agreeing to a 5-percent increase——

Senator DOUGLAS. Five-percent reduction.

Mr. BALL. Five-percent reduction in quotas; but I think you would normally expect that the consuming countries would try to get together to coordinate a policy to urge in the fixing and adjustment of the quotas——

Senator DOUGLAS. You are going to face this now very soon.

Mr. BALL. I beg your pardon?

Senator DOUGLAS. You are going to face this in just a few days.

Mr. BALL. And the consuming countries should do the same thing. I mean we have an interest to protect as they have one, and the balance of these interests is what makes this agreement operate.

Senator DOUGLAS. You are not alarmed by article 28 of the——

Mr. BALL. Article 28 simply requires——

Senator DOUGLAS (continuing). Of the agreement which provides, the second paragraph:

During the last 6 months of the coffee year, the Council shall review the basic export quotas specified in annex A in order to adjust to general market conditions. The Council may then revise such quotas by a distributed majority vote and then—

And this is what disturbed me, and I should have brought it up before—

if not revised, the basic export quotas specified in annex A shall remain in effect.

Mr. JACOBSON. Senator, I am sorry there is considerable confusion on this point, for which we in the past with respect to descriptions of the basic quota, have been, in part, responsible.

The basic quota does not determine the annual quota in any manner whatsoever. The basic quota merely determines the distribution of the total quota amongst the various countries. So that this possible revision of basic quotas which may occur in the latter part of this year, merely provides that within the annual quota which we will set next year, Brazil may get more or less, the Africans may get more or less, Colombia may get more or less, but this does not run in any way to the total of the quotas which may be set.

Senator DOUGLAS. Wait a minute. I always thought the whole consisted of the sum of its parts.

Mr. BALL. The whole does.

Senator DOUGLAS. If you diminish each one of the parts, do you not diminish the total?

Mr. BALL. If you diminish one part you increase another.

Senator DOUGLAS. You mean these annex A are merely fractions of the total?

Mr. BALL. That is right.

Senator DOUGLAS. Not absolutely quantities.

Mr. BALL. They determine the percentage distribution of the quota among the consuming countries.

Senator DOUGLAS. Do the producing countries agree to this?

Mr. BALL. Oh, yes.

Mr. JACOBSON. Oh, yes.

Mr. BALL. So again on the question of this 5 percent, what has happened is that they have asked for a meeting of the board the first of February.

Now, the only action that the board could take here would be to recommend to the Council that it meet at an early date. The Council would meet, the producing countries would make a proposal for a 5-percent reduction in quota. As I say, it is the intention certainly of our side to object to any reduction of that dimension, and we have the votes to stop it.

Senator DOUGLAS. I thought you could stop a reduction in quota.

Mr. BALL. Yes, we have the votes to do it.

Senator DOUGLAS. What I have been afraid of is that you could not get an increase in the quota, that is what I have been afraid of.

Mr. BALL. Well, you see the point of most effective leverage is at the beginning of the coffee year, and if there is consistent refusal to grant an increase, the sanction that we have is to refuse to agree to any quota at all, at the beginning of the following coffee year.

Senator DOUGLAS. I have pursued this point probably long enough, but it is crucial.

Mr. BALL. I would agree it is a matter of great importance.

The CHAIRMAN. Is that all? Senator Morton.

Senator MORTON. Mr. Secretary, there is nothing in this agreement from the standpoint of the consuming group that requires them to take the entire quota. The law of supply and demand still operates. An importer brings in coffee because he thinks he can sell it.

Mr. BALL. Any consuming country only buys what it needs.

Senator MORTON. Yes. And if, as appears to be the case, in this coffee year the Brazilian exporters, because of extra activity from Africa, find they can only sell 16 million bags instead of 18 million bags, they are only going to sell 16 million bags because that will be the amount of demand.

Mr. BALL. That is right.

Senator MORTON. If we take the average for the last 15 years, and throw out 1954, whatever it was, we still find the levels today below the 15-year average.

Mr. BALL. Substantially below the 15-year average, even including 1954.

Senator MORTON. Perhaps it is a good year to stabilize when we find our current level is substantially less than the 15-year average.

Mr. BALL. It is our view that a range of 40 to 45 cents is about right.

Senator MORTON. As a result of the vicissitudes of nature and also, perhaps, some degree of shortsightedness on the part of certain exporters in the 1954 period, we did see a reduction of nearly 20 percent per capita in the consumption of coffee in this country, did we not?

Mr. BALL. That is right.

Senator MORTON. It seems this lesson is not so long ago that it is not remembered by many of the coffee exporters.

Mr. BALL. Well, there is still great utility in the law of supply and demand.

Senator MORTON. So that even though there may be no direct substitute for coffee, there are products, tea or others, that might be put into the American diet in place of coffee.

Now, since the Congress did not take action on the so-called implementing legislation last year, what is the situation in regard to the machinery for the carrying out of the agreement? Do we have certificates of origin?

Mr. BALL. On a voluntary basis. We have tried to get them in order to help the Coffee Council as much as we could. But it is not a very satisfactory arrangement because we are not in position where we can require them, and this has been merely an action that the Customs Bureau has taken at the request of the other departments in order to try to be helpful. But ——

Senator MORTON. Has this action been taken by the other importing countries as well?

Mr. BALL. I think we are the only importing country that does not have implementing legislation and is not proceeding on a required basis.

Senator DIRKSEN. May I ask a question?

Senator MORTON. Yes.

Senator DIRKSEN. Mr. Jacobson, we get so many figures on coffee inventory; I think the last I have seen is that the world inventory would be roughly 72 million bags, of which 18 million have deteriorated to the point where they are not suitable for market. That would leave 54 million.

I wonder if you can get an inventory figure not only for the United States but for the world as well and submit it for the record?

Mr. JACOBSON. We will try to do that, sir.

(The information referred to follows:)

The U.S. Department of Agriculture has provided the following information on world coffee stocks:

1. World coffee stocks held by producing and consuming countries at the end of September 1964 are estimated to be at about 72 million bags.

2. Of this amount, stocks in consumer countries are estimated to be at about 12 million bags.

3. Of the stocks in producing countries, the overwhelming proportion, about 46.5 million bags, are estimated to be held in Brazil.

4. Of these large Brazilian stocks, a considerable quantity were accumulated over a long period and have deteriorated to the point that they have little commercial value.

5. However, information available to the Department of Agriculture indicates that about 23 million bags of Brazilian stocks may be exportable but only about 5 million bags of these are so-called greenish coffee of the kind that U.S. roasters generally prefer.

6. With respect to the 1964–65 crop, reduced to only 10 million bags by the natural disasters in Brazil, about 8 million bags are believed to be suitable for export. Brazil should be able to meet its domestic coffee needs from the very large reserves of coffee not suitable for export.

7. By the end of the coffee year 1964–65 (Sept. 30, 1965), it is expected that stocks will have been reduced from the 72-million-bag level cited above to about 60 million bags. This will largely reflect the substantial drawdown in Brazil's stocks since her small crop new crop will be inadequate to cover domestic and export requirements. The estimated 60 million bags does not make allowance for destruction of old stocks which Brazil may elect to carry out.

8. It is notably difficult to estimate stocks in producing countries. The Brazilian Coffee Institute frequently alters estimates of stocks as it obtains fuller information about the true volume of its stocks.

Department of Commerce statistics on U.S. stocks show the following:

*U.S. green coffee inventories*

[Thousand bags]

| | |
|---|---|
| March 1962 | 3,029 |
| June 1962 | 3,050 |
| September 1962 | 3,376 |
| December 1962 | 3,964 |
| March 1963 | 3,518 |
| June 1963 | 3,435 |
| September 1963 | 4,008 |
| December 1963 | 4,726 |
| March 1964 | 4,366 |
| June 1964 | 4,216 |
| September 1964 | 4,006 |
| December | (1) |

[1] Not available

Senator MORTON. I have no further questions.

The CHAIRMAN. Thank you very much, Mr. Ball.

The next witness is Edward Gilmore, Bureau of Customs.

## STATEMENT OF EDWARD GILMORE, ASSISTANT TO THE CHIEF COUNSEL, BUREAU OF CUSTOMS, ACCOMPANIED BY DARRELL KAST

Mr. GILMORE. Mr. Chairman, I am Edward Gilmore of the Bureau of Customs, assistant to the Chief Counsel. I have a brief statement that I wish to read on behalf of the Treasury.

I also have Mr. Kast who is our technical expert in this field in the event you have questions.

The CHAIRMAN. You may proceed, sir.

Mr. GILMORE. Thank you.

Mr. Chairman, section 2 of S. 701, with which the Bureau of Customs is concerned, would authorize the President to regulate the entry for consumption or withdrawal from warehouse for consumption of coffee imported into the United States, including the limitation on the entry or withdrawal from warehouse of coffee imported from nonmembers of the agreement, and the prohibition of entry of any shipments from a member country which is not accompanied by a certificate of origin or a certificate of reexport in the presecribed form.

This section would also authorize the President to require that every export or reexport of coffee from the United States be accompanied by a certificate of reexport in the form required under the agreement.

If the draft legislation is enacted, the Bureau of Customs will collect certificates of origin or reexport covering shipments of coffee imported into the United States and forward them to the International Coffee Organization in London, and will issue certificates of reexport for coffee exported from the United States.

In the event limitations are placed on imports of coffee from nonmember countries at some future time, the Bureau of Customs would also administer the quotas that would be established for nonmember countries.

The Department does not anticipate any unusual administrative difficulties under the proposed legislation, and has no objection to its enactment.

Thank you.

The CHAIRMAN. Thank you for appearing.

The CHAIRMAN. Our next witness is the Honorable Hiram L. Fong, U.S. Senator from Hawaii. Have a seat, Senator Fong.

## STATEMENT OF HON. HIRAM L. FONG, U.S. SENATOR FROM HAWAII

Senator FONG. Thank you, Mr. Chairman.

I support the enactment of S. 701, a bill which is designed to carry out the obligations of the United States under the International Coffee Agreement of 1962. Though the underlying purpose of the agreement of 1962 is to stabilize the world's coffee price, the bill pending before your committee has adequate safeguards to protect the American consumers.

In the 1964 session, I supported the International Coffee Agreement of 1964 for similar reasons. This legislation with an amendment proposed by Senator Dirksen was passed by the Senate. But it did not pass the House.

In the 1963 session, I supported the International Coffee Agreement, which was ratified by the Senate on May 21, 1963, on the ground that it would stabilize the world's coffee price fluctuations. On December 27, 1963, the United States deposited its instrument of ratification and thereby became a member of the International Coffee Organization. The pending bill provides authority enabling the United States full participation under the coffee agreement.

I noted that the agreement has been of benefit to bring some stability to world's coffee prices within a year without any participation on the part of the United States. In the summer of 1963, there was a sudden rise in the coffee price which caused great concern among the American consumers. This was due to the frost which hit Brazil in August 1963, coupled with the worst drought of the century cutting Brazil to one-quarter of its normal output. But a responsible action under the coffee agreement helped to stabilize the coffee price by increasing the export quotas.

I come from a State which is the only one of our 50 States that grows and exports coffee. I know what the stabilization of world's coffee price will mean to our coffee industry. In volume, Hawaii's Kona coffee represents much less than 1 percent of world production. It has little if any impact on world coffee prices.

But world prices have a tremendous impact on Kona coffee prices. History shows that as world coffee prices go, so goes the price of Hawaii's Kona coffee. Price in 1963 was 27.9 cents per pound when the world's price was lowest in 14 years. With the stabilization, current parchment prices range from 32 to 34 cents per pound.

During the drastic coffee price decline of 1959–63, Kona coffee farmers suffered real hardship. From a high of $6.5 million for the 1958 crop, the Kona industry fell to a low of $1.7 million in 1963. The production dropped from a high 5-year average of 1958–62 of 11,746,000 pounds parchment to 6,651,000 pounds in 1963 crop year. The number of coffee growers in Hawaii also declined. From 1,128

farmers in 1960, the number was reduced to 795 in 1963. The acreage decreased from 5,800 acres in 1960 to 5,080 in 1963.

I am of firm belief that safeguards to protect the American consumers against price gouging must be provided. I am satisfied that the pending bill does have that protection in section 4 which spells out the sense of the Congress that if unwarranted increase in the price of coffee occurs, the President or Congress has the authority to take corrective action.

Therefore, I am willing to give the International Coffee Agreement of 1965 an opportunity to work under S. 701 the pending coffee agreement bill before the committee today.

The CHAIRMAN. Thank you very much for your appearance, Senator Fong.

The CHAIRMAN. I see in the audience Mr. John F. McKiernan, president of the National Coffee Association of the United States, who was scheduled to testify tomorrow. Mr. McKiernan, would you consider making your statement today?

Mr. MCKIERNAN. Thank you, sir. If you prefer it that way, Senator Byrd, I will be glad to do it. It will take me 7 minutes to present it.

## STATEMENT OF JOHN F. McKIERNAN, PRESIDENT, NATIONAL COFFEE ASSOCIATION

Mr. MCKIERNAN. My name is John F. McKiernan, and I am president of the National Coffee Association of the United States of America which maintains offices in New York City.

On behalf of my fellow officers and the association's board of directors, I would like to express to this committee our appreciation for this opportunity to record the National Coffee Association's views on the enactment of enabling legislation. I am advised that the bill before you now is essentially the same as H.R. 8864 which was considered by the Senate last year. The only changes reportedly are in sections 2 and 4.

Senator Byrd, I would like to state that the chairman of our association, Mr. Charles Duncan, president of Duncan Coffee Co., of Houston, Tex., and our vice president, Mr. S. Israel of Leon Israel and Co., of New Orleans, and Mr. George McEvoy, executive vice president of Aron & Co. of New York, had hoped to be here, but this session was called on brief notice, and they regret that they just could not get here today.

The National Coffee Association is a nonprofit trade association whose principal members are companies engaged in the importing, roasting, and distributing of coffee. The association is now in its 54th year of service to the U.S. coffee industry. Our members represent about 85 percent of the total tonnage of coffee consumed in this country, valued at approximately $1 billion.

The constitution and bylaws of the association include a statement of its objectives and purposes. A copy of these will be affixed to my statement.

The National Coffee Association is on record as supporting the International Coffee Agreement. It is also on record in support of the enabling legislation for the agreement. Last February 27, I was

a witness before this Senate Committee on Finance which was then holding hearings on the original enabling legislation bill.

At that time I stated that the National Coffee Association believes that the coffee agreement, properly and fairly administered, can serve a useful purpose for consuming countries as well as producing countries by bringing stability to the world coffee market.

I also stated here last February 27 the belief that Congress should enact the necessary enabling legislation. The United States is a member of the International Coffee Agreement. By participating fully in the agreement we can protect this country's best interests by being in a position to (1) assure adequate supplies of coffee; (2) monitor export quotas, and (3) prevent inequitable practices in the world coffee trade.

Gentlemen, the National Coffee Association has not changed its position from the one which I spelled out here last February. We have always been in favor of fair prices to producers. We do not wish to see price declines jeopardize the meritorious objectives of the Alliance for Progress. But we are first and foremost determined to protect the interests of U.S. coffee consumers and the U.S. coffee industry.

We believe that present total export quotas—namely, 47,500,000 bags—are adequate and not detrimental to either the consuming or producing nations. We see no reason for changing them. Inventories of stocks in the United States as of last December 31 also appear to be adequate.

As you know, various circumstances affect coffee inventories. The threat of crop shortages due to adverse weather conditions or the threat of dock strikes are notable examples. In recent years we had both of these. And we are having a dock strike at this very moment. Hence, while our present inventory of green coffee may appear sufficient, in our opinion it could be rapidly dissipated if the dock strike continues.

Let me emphasize for the record that the National Coffee Association is opposed to inordinate increases in green coffee prices. The interests of the U.S. coffee trade are directly and inseparably linked with the interests of the consumers whom it serves.

We are, therefore, deeply concerned with the welfare of consumers. Experience has taught us that when prices rise to abnormal levels, the volume of coffee imports plunges.

When the Executive Board of the International Coffee Organization was in session in London last July, we stated that the International Coffee Council should set export quotas which would make sufficient coffee available to meet world requirements without forcing prices to higher levels. Commenting on published articles which predicted higher consumer prices later in the year, we said—and here I am quoting verbatim:

> Unreasonable prices can be avoided by a careful study of markets and world requirements at the Council's meeting * * *.

We also stated that the U.S. coffee industry does not want to see higher prices any more than the housewife does. And we pointed out that the record high prices of 1954 resulted in a decline of nearly 19 percent in U.S. green coffee imports and that we had not yet regained that loss in terms of per capita consumption.

The fact of the matter, gentlemen, is that the trend of per capita consumption of coffee in this country is down. And this trend was the principal basis for the presentations given before the National Coffee Association's 54th Annual Convention just last week. The reasons for a declining per capita consumption can vary. They can, for instance, include inadequate promotion and advertising. But high green coffee prices, which would inevitably lead to higher retail prices, would certainly not help to check or reverse a downward drift in consumption.

In November of 1963, the association issued another press statement while I was in London attending meetings of the Executive Board of the International Coffee Organization. At that time, I stated that the association's principal concern with respect to the coffee agreement was that the U.S. consumers be protected against unjustifiably high prices.

One further piece of evidence of the association's position with respect to unwarranted increases in coffee prices is in the Congressional Record of October 3, 1962. The Record quoted a letter from Assistant Secretary of State Frederick Dutton to Congresswoman Leonor Sullivan which contained the following statement:

> The Advisory Committee appointed by the National Coffee Association to work with the State Department during the negotiations for the coffee agreement has, of course, always maintained that the U.S. consumer must be protected in any coffee agreement.

It is true that green coffee prices experienced a considerable firming between August of 1963 and March of 1964. But it is also true that the average price for the principal coffee growths has declined since March of 1964.

On February 12 of last year, the International Coffee Council agreed to make available to the world coffee market approximately 2,300,000 bags of coffee more than the established export quotas for the coffee year 1963–64. This action was taken at the instigation of the U.S. delegation. And it followed one month after a National Coffee Association press release reported that we had proposed to our Government that it take swift action to obtain substantial increases in quotas.

I cite this as an example of how the coffee agreement can be useful to consuming nation members during a period of price firmness. In a period when crop shortages—or even anticipation of such—can cause prices to rise on the world market, it is better to have an International Coffee Agreement than not to have one.

With an agreement, we have an international forum and a formal instrument for the negotiation of measures to ease an upward pressure on prices. But without an agreement, we have no such opportunity to protect ourselves against a price spiral.

In conclusion, gentlemen, the National Coffee Association, representing the U.S. coffee industry, is convinced that this measure before you today should become law. If it does, it will help the U.S. coffee trade to fulfill its responsibilities to the people who, in the long run, will determine whether our trade will flourish or languish—the U.S. coffee consumers.

We respectfully recommend, therefore, that you vote to refer this enabling legislation favorably to the Senate at large. And we thank you sincerely for giving us this opportunity to present our views.

The CHAIRMAN. Thank you very much. Any questions?

Senator DOUGLAS. Sir, I would like to ask this question: Do I understand the purport of your testimony to be that you face a producers' cartel under any conditions, and that it is better to have this agreement in which a considerable degree of power is given to the consuming countries rather than not to have it, is that right?

Mr. MCKIERNAN. Yes, Senator Douglas, that is correct, the treaty is in effect.

Senator DOUGLAS. And that this advantage is sufficient so that you are willing to give enforcing powers to the consuming countries? This would not be present under a producers' cartel.

Mr. MCKIERNAN. I think this agreement can be improved and, at the end of the fifth year, I hope that it will be.

I do think, however, that we have sufficient protection here for the consumer. As Secretary Ball said, we only need one other vote with us to prevent anything from becoming action, effective action.

Senator DOUGLAS. Are you alarmed at all by this material which some of us put in the record this morning indicating that the producing countries wish to operate on their own and actually decrease their exports below the quotas fixed in the agreement?

Mr. MCKIERNAN. Yes, sir; I am, very much so. I hope to attend the meeting in London next Monday to protect and observe and to protect the best interests of our industry here and our consumers. I cannot see any reason for a reduction of 5 percent in quotas.

Senator DOUGLAS. You agree with me that this was probably meant—would probably mean an increase of about 10 cents per pound at a minimum?

Mr. MCKIERNAN. Senator Douglas, I would hesitate——

Senator DOUGLAS. Approximately 10 percent or 4½, 5 cents a pound.

Mr. MCKIERNAN. I would not know. It depends on so many things.

Senator DOUGLAS. I mean, that it is a rough estimate.

Mr. MCKIERNAN. Obviously when you reduce your availability you tend to increase your price.

Senator DOUGLAS. Assuming the elasticity of demand is only 0.5. This would mean roughly a 10-percent increase in price per pound.

Mr. MCKIERNAN. I could not actually answer this.

Senator DOUGLAS. It could be a considerable increase.

Mr. MCKIERNAN. It would certainly be a way to propel prices upward.

Senator DOUGLAS. Yes.

Mr. MCKIERNAN. How high they would go I do not know. But it would certainly not depress prices. It would increase prices. But too many issues would enter into where it would go pricewise.

Senator DOUGLAS. Do you think the agreement as a whole can restrain a producers' cartel?

Mr. MCKIERNAN. I think so. I am satisfied that the consuming nations can.

I can assure you, Senator Douglas, that the American coffee industry will take a very dim view of this if we cannot. We will come back to you and the other gentlemen in Congress and protest very bitterly if it does not work properly.

Senator DOUGLAS. Suppose in the meantime we pass the enabling legislation.

Mr. McKiernan. Well, the enabling legislation—let me go back, if I may, Senator. We are new members of the agreement, so all we are doing now is carrying out some of the internal functions that we, as a member, should perform. I think we should have enabling legislation; yes, sir.

Senator Douglas. That is all.

The Chairman. Thank you very much, sir.

Mr. McKiernan. Thank you.

The Chairman. I place in the record a letter from Mr. Robert E. Giles expressing the endorsement of the bill S. 701, by the Commerce Department. Also I place in the record a telegram from Mrs. Robert J. Stuart, president of the League of Women Voters of the United States, favoring the bill.

(The letter and telegram follow:)

General Counsel of the Department of Commerce
*Washington, D.C., January 27, 1965.*

Hon. Harry F. Byrd,
*Chairman, Committee on Finance,*
*U.S. Senate, Washington, D.C.*

Dear Mr. Chairman: This is in reply to your request for the views of this Department on a draft bill[1] to carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes, which was submitted to your committee on January 26, 1965, by the Department of State and which we understand will be introduced shortly.

Implementing legislation is necessary in order to enable the United States to carry out certain of its obligations under the International Coffee Agreement. The 88th Congress considered implementing legislation, H.R. 8864, but adjourned without completing action on it. The subject draft bill is intended to provide the necessary legislation. It is substantially the same as H.R. 8864, passed by the Senate on July 31, 1964, except that some changes in dates have been made to make the legislation current; section 4 has been reworded to avoid certain constitutional questions; and sections 5 and 6 each have a new sentence to emphasize the importance of protecting the interest of the U.S. consumer.

The Department of Commerce supports the purpose of the subject draft bill and we would favor its enactment.

We have been advised by the Bureau of the Budget that there would be no objection to the submission of our report from the standpoint of the administration's program.

Sincerely,

Robert E. Giles.

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[Telegram]

Washington, D.C., *January 26, 1965.*

Hon. Harry Flood Byrd,
*Chairman, Finance Committee,*
*New Senate Office Building, Washington, D.C.:*

The League of Women Voters supports implementation of International Coffee Agreement as necessary short term supplement to efforts to promote self-sustaining growth in coffee-producing countries of Latin America and Africa. U.S. consumer is disadvantaged by President's lack of authority to put agreement into effect. Long term economic development programs of countries with economies based on one-product commodity are hindered by uncertainty of maintaining stable coffee prices. We urge your committee to act favorably on coffee agreement implementation.

Mrs. Robert J. Stuart,
*President, League of Women Voters of the United States.*

The Chairman. The committee will now adjourn.

(Whereupon, at 12:15 p.m., the committee was adjourned to reconvene subject to call of the Chair.)

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[1] Introduced as S. 701.

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LEGISLATIVE HISTORY

Public Law 89-23
S. 701

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INDEX AND SUMMARY OF S. 701

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| Jan. 26, 1965 | Sen. Mansfield introduced and discussed S. 701 which was referred to Senate Finance Committee. Remarks of Sen. Mansfield. (Print of bill as introduced not received). |
| Jan. 28, 1965 | Senate committee voted to report S. 701. |
| Feb. 1, 1965 | Senate committee reported S. 701 with amendments. S. Report 53. Print of bill and report. |
| Feb. 2, 1965 | Senate passed S. 701 as reported. |
| Feb. 3, 1965 | S. 701 was referred to the House Ways and Means Committee. Print of bill as referred. |
| Apr. 14, 1965 | House committee voted to report S. 701. |
| Apr. 19, 1965 | House committee reported S. 701 with amendment. H. Report 252. Print of bill and report. |
| May 4, 1965 | House Rules Committee reported resolution for the consideration of S. 701. H. Res. 364, H. Report 283. Print of resolution and report. |
| May 12, 1965 | House passed S. 701 with amendments. |
| May 13, 1965 | Senate concurred in House amendments to S. 701. |
| May 22, 1965 | Approved: Public Law 89-23. |

Hearings: Senate Finance Committee on S. 701

DIGEST OF PUBLIC LAW 89-23

EFFECTUATION OF INTERNATIONAL COFFEE AGREEMENT. Provides the enabling legislation to remain in effect until Oct. 1, 1968, or until Congress by concurrent resolution determines that there has been an unwarranted increase in coffee prices. Authorizes the President to limit coffee imports from non-participating countries. Requires the President to submit an annual report to Congress on the operation of the Agreement, including information on the general level of coffee prices and a summary of actions taken to protect U. S. consumers.

Authorizes appropriations to carry out the Agreement, but limits U. S. contributions for administration of the Agreement to 20 percent of total contributions and not more than $150,000 per fiscal year.

Specifies that before the Act becomes effective, the President must determine and report to Congress that it would not result in an unwarranted increase in coffee prices to consumers.

"(g) If the Attorney General determines that a registration statement does not comply with the requirements of this Act or the regulations issued thereunder, he shall so notify the registrant in writing, specifying in what respects the statement is deficient. It shall be unlawful for any person to act as an agent of a foreign principal at any time ten days or more after receipt of such notification without filing an amended registration statement in full compliance with the requirements of this Act and the regulations issued thereunder.

"(h) It shall be unlawful for any agent of a foreign principal required to register under this Act to be a party to any contract, agreement, or understanding, either express or implied, with such foreign principal pursuant to which the amount or payment of the compensation, fee, or other remuneration of such agent is contingent in whole or in part upon the success of any political activities carried on by such agent."

SEC. 8. (a) Chapter 29 of title 18, United States Code, is amended by adding at the end thereof a new section as follows:

"§ 613. Contributions by agents of foreign principals

"Whoever, being an agent of a foreign principal, directly or through any other person, either for or on behalf of such foreign principal or otherwise in his capacity as agent of such foreign principal, knowingly makes any contribution of money or other thing of value, or promises expressly or impliedly to make any such contribution, in connection with an election to any political office or in connection with any primary election, convention, or caucus held to select candidates for any political office; or

"Whoever knowingly solicits, accepts, or receives any such contribution from any such agent of a foreign principal or from such foreign principal—

"Shall be fined not more than $5,000 or imprisonment not more than five years or both.

"As used in this section—

"(1) The term 'foreign principal' has the same meaning as when used in the Foreign Agents Registration Act of 1938, as amended, except that such term does not include any person who is a citizen of the United States.

"(2) The term 'agent of a foreign principal' means any person who acts as an agent, representative, employee, servant, or in any other capacity at the order, request, or under the direction or control of a foreign principal or of a person any substantial portion of whose activities are directly or indirectly supervised, directed, or controlled by a foreign principal."

(b) Chapter 11 of title 18, United States Code, is amended by adding at the end thereof a new section as follows:

"§ 219. Officers and employees acting as agents of foreign principals

"Whoever, being an officer or employee of the United States in the executive, legislative, or judicial branch of the Government or in any agency of the United States, including the District of Columbia, is or acts as an agent of a foreign principal required to register under the Foreign Agents Registration Act of 1938, as amended, shall be fined not more than $10,000 or imprisoned for not more than two years, or both.

"Nothing in this section shall apply to the employment of any agent of a foreign principal as a special Government employee in any case in which the head of the employing agency certifies that such employment is required in the national interest. A copy of any certification under this paragraph shall be forwarded by the head of such agency to the Attorney General who shall cause the same to be filed with the registration statement and other documents filed by such agent, and made available for public inspection in accordance with section 6 of the Foreign Agents Registration Act of 1938, as amended."

(c)(1) The sectional analysis at the beginning of chapter 29 of title 18, United States Code, is amended by adding at the end thereof the following new item:

"613. Contributions by agents of foreign principals."

(2) The sectional analysis at the beginning of chapter 11 of title 18, United States Code, is amended by adding at the end thereof the following new item:

"219. Officers and employees acting as agents of foreign principals."

SEC 9. This Act shall take effect ninety days after the date of its enactment.

## INTERNATIONAL COFFEE AGREEMENT

Mr. MANSFIELD. Mr. President, on behalf of the administration, I introduce today a bill to implement the International Coffee Agreement. The purpose of introducing the bill at this time is to enable the Senate Finance Committee to hold hearings tomorrow.

This bill is necessary to enable the United States to carry out its obligations under the coffee agreement which the President ratified in December 1963 pursuant to advice and consent of this body. Last summer the Senate did pass an implementing bill, but the Congress adjourned before the House completed action.

This bill will help the coffee agreement bring some stability to the world coffee market. Coffee prices fluctuate widely, bringing inflation when prices are too high, deflation and widespread distress when prices are too low. This instability is to no one's advantage. It dislocates the economies of the producing countries; it dislocates the trade; and it brings no lasting benefits to the ultimate consumer.

Coffee is important to more than 30 low-income countries. It is especially important to Latin America. It is the largest export earner for all the developing countries after petroleum, a major source of tax revenue for essential Government operations and of foreign exchange for the purchase of development goods. The dollars the low-income countries earn from coffee sales they use to buy from us the industrial materials and capital equipment for growth.

The developing countries want and need stable earnings so their economic and social development can proceed at a steady pace. They want and need stable earnings that grow as consumption grows so they can earn their way in trade and not depend so heavily on aid.

There are ample safeguards in the agreement to protect the American consumer, and there is no interference with our trade. We can import coffee freely without let or hindrance. There are no import quotas. The few obligations we have as importing members are those spelled out in this implementing bill, that is, to require certificates of origin on coffee from members and to limit imports from nonmembers if this should be necessary.

This bill will help the United States do its full part in making the coffee agreement an effective instrument for stabilization. It will strengthen and revitalize the Alliance for Progress.

I send the bill to the desk, which I introduce by request, and I assume it will be referred to the Committee on Finance.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 701) to carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes, introduced by Mr. MANSFIELD, by request, was received, read twice by its title, and referred to the Committee on Finance.

## USE OF IMPORTS FROM COMMUNIST COUNTRIES

Mr. SCOTT. Mr. President, I introduce for appropriate reference three bills which deal with the sale and use of Communist products in the United States.

The first of these bills, introduced in behalf of myself and Senators RANDOLPH, SIMPSON, TOWER, and MURPHY, would prohibit the importation of flat glass which is the product of any country or area dominated or controlled by communism.

My second bill, introduced in behalf of myself and Senators ALLOTT, MUNDT, RANDOLPH, SIMPSON, TOWER, and MURPHY, prohibits the use of products originating in any country or area dominated or controlled by communism in Federal or federally assisted projects for the construction, alteration, or repair of any building, public work, or facility.

The third, introduced in behalf of myself and Senators ALLOTT, MUNDT, RANDOLPH, SIMPSON, TOWER, and MURPHY, prohibits the use of such products in any housing construction which is assisted under programs administered by the House and Home Finance Agency, its constituent agencies, or the Veterans' Administration.

At a time when we are trying to expand the markets for our domestic products and get thousands of our workers back to work, it just does not make sense for us to allow imports from Communist countries to provide unfair competition for hard-pressed domestic industries. Yet, this is exactly what we are doing.

As one example, our domestic glass industry has been particularly hard hit. In the first 9 months of 1964 alone, $1,322,921 worth of flat glass came into the United States from Communist countries—$244,393 from the Soviet Union itself. Not only was this glass priced 50 percent or more below prices quoted in our highly competitive domestic industry, but was frequently 50 percent or more below other free world suppliers such as the United Kingdom, West Germany, and Japan.

These Communist prices do not reflect costs of production. Nor are Communist export policies aimed primarily at raising the standard of living of their own peoples. Rather, they are designed often to damage the economies of the

free nations. The Red bloc is still bent on our destruction through an allout economic and ideological struggle, and their state-owned industries and export policies are weapons in that struggle.

These bills conform with a pledge I made to the people of Pennsylvania last fall, and I am urging their early consideration.

The VICE PRESIDENT. The bills will be received and appropriately referred.

The bills, introduced by Mr. SCOTT (for himself and other Senators), were received, read twice by their titles, and referred, as indicated:

By Mr. SCOTT (for himself, Mr. ALLOTT, Mr. MUNDT, Mr. RANDOLPH, Mr. SIMPSON, Mr. TOWER, and Mr. MURPHY):

S. 712. A bill to prohibit the use of products originating in any country or area dominated or controlled by communism in any housing construction which is assisted under programs administered by the Housing and Home Finance Agency, its constituent agencies, or the Veterans' Administration; to the Committee on Banking and Currency.

By Mr. SCOTT (for himself, Mr. RANDOLPH, Mr. SIMPSON, Mr. TOWER, and Mr. MURPHY):

S. 714. A bill to prevent the importation of flat glass which is the product of any country or area dominated or controlled by communism; to the Committee on Finance.

By Mr. SCOTT (for himself, Mr. ALLOTT, Mr. MUNDT, Mr. RANDOLPH, Mr. SIMPSON, Mr. TOWER, and Mr. MURPHY):

S. 716. A bill to prohibit the use of products originating in any country or area dominated or controlled by communism in Federal or federally assisted projects for the construction, alteration, or repair of any building, public work, or facility; to the Committee on Public Works.

## EXCLUSION OF WOOL FELT HAT PRODUCERS FROM PROVISIONS OF WOOL PRODUCTS LABELING ACT

Mr. SCOTT. Mr. President, on behalf of myself and Senator DODD, I am introducing today a bill to exclude headwear from the provisions of the Wool Products Labeling Act and exempt wool felt hat producers from the necessity of disclosing the wool fiber content of their products.

The wool felt hat industry has been having serious difficulties in recent years. For one reason, it must compete with headwear made from other materials, such as fur felt and cloth, which are exempt from the labeling requirements now required of wool felt. Yet, the wool content of headwear has little bearing on the fabric's performance, and is not of major importance in consumer acceptance.

Three of the four wool felt hat factories in America are located in Lancaster County, Pa. Over 50 percent of the work force of two Lancaster communities—Adamstown and Denver, Pa.—are employed in that industry.

My proposal would give these producers an opportunity to compete fairly and equitably in the open market. A similar bill, which I introduced in the last session of Congress passed the Senate on my motion, but no action was taken in the House. I am urging prompt consideration this year.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 713) to amend the Wool Products Labeling Act of 1939 in order to exempt headwear from the provisions of such act, introduced by Mr. SCOTT (for himself and Mr. DODD), was received, read twice by its title, and referred to the Committee on Commerce.

## PROHIBITION OF USE OF STOPWATCHES AND MEASURING DEVICES IN POSTAL SERVICE

Mr. SCOTT. Mr. President, I am introducing today a bill to prevent the use of stopwatches, work measurement programs or other performance-standards operations as measuring devices in the postal service. The Post Office Department refers to these measurement programs as "guidelines."

I have been proposing an end to these inequitable guidelines for many years and I am delighted to learn that this year six bills similar to mine have been introduced in the House of Representatives.

Proponents of the guidelines system maintain that it is conducive to speed and efficiency. But testimony before congressional committees and my own conversations with postal workers convince me that just the opposite is true. The guidelines system not only subjects members of an old and honored Federal service to the indignity of constant surveillance, but results in unnecessary job tensions, dissension among postal workers and poor management-employee relations.

The postal worker is a devoted public servant and part of a great tradition. He is entitled more to commendation than surveillance.

My bill would eliminate completely the guidelines system both because it has failed in its objectives and because it is detrimental to the postal service. It conforms with a pledge I made to the people of Pennsylvania last fall, and I am urging its early consideration.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 715) to prevent the use of stopwatches, work measurement programs, or other performance-standards operations as measuring devices in the postal service, introduced by Mr. SCOTT, was received, read twice by its title, and referred to the Committee on Post Office and Civil Service.

## REGULATIONS GOVERNING RENUNCIATION OF U.S. CITIZENSHIP

Mr. LAUSCHE. Mr. President, I send to the desk a bill which would tighten the right of defectors from the United States who renounce their citizenship while in a foreign country to reenter the country.

The bill grows specifically out of Lee Oswald's return to the United States. Lee Oswald renounced his citizenship and proclaimed his fidelity and belief in the Communist Government of Red Russia.

However, under the law, his citizenship was not forfeited, because he did not make his renunciation in the form prescribed by the present statute. The present statute provides that a citizen of the United States while in a foreign country who declares his purpose to renounce his citizenship does not lose his citizenship unless he goes to the American Embassy or to a consular office and there under oath declares his abandonment of his citizenship in the United States.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. LAUSCHE. I ask that I may be permitted to proceed for an additional minute.

The VICE PRESIDENT. Without objection, the Senator may proceed.

Mr. LAUSCHE. My bill would allow the renunciation of citizenship not made under oath to become effective and to deny such individual the right to reenter the United States.

I desire to have placed in the RECORD the statement I made on this subject on January 24 of last year, when I introduced a similar bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

LOSS OF NATIONALITY IN CERTAIN CASES

Mr. LAUSCHE. Mr. President, I have been in contact with the Department of State, seeking to inquire under what authority Mr. Oswald was allowed to reenter the United States after he had taken out papers indicating a purpose to abandon his citizenship. I have received from the Department an answer to my inquiry.

In the letter answering my inquiry, it is stated:

"Under existing law, a person who is a U.S. citizen may lose his nationality in a number of ways.

* * * * *

"The question whether an individual has lost his U.S. citizenship must be determined in accordance with this act. For example, persons desiring to renounce their U.S. nationality under section 349(a)(6) of the Immigration and Nationality Act are required to appear before a diplomatic or consular officer of the United States abroad and take an oath of renunciation of nationality of the United States in the form prescribed by the Secretary of State. Lee Harvey Oswald did not renounce in accordance with the provisions of the statutory requirements and therefore did not lose his U.S. citizenship."

In my inquiry, I also asked on what theory the loan was made to enable Lee Oswald to come back to the United States. The answer states as follows:

"The Department of State grants loans to U.S. citizens abroad who are destitute and without relatives, friends, or others able and willing to finance their return to the United States. Each such case is carefully investigated to insure that the loan applicant is a destitute U.S. citizen. Each applicant to whom a loan is granted is required to sign a promissory note covering his loan and to repay it as soon as possible after his return to the United States.

"A repatriation loan was granted to Lee Harvey Oswald to cover the cost of transportation for him, his wife, and his child from the U.S.S.R. to the United States. He repaid the loan in installments after he returned to this country."

The PRESIDENT pro tempore. Under the 3-minute limitation in the morning hour,

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
Washington, D. C. 20250
Official business Postage and fees paid
U. S. Department of Agriculture

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HIGHLIGHTS: Both Houses received President's Economic Report. Senate passed water pollution control bill. Senate committee voted to report bill to implement International Coffee Agreement. Sen. Fulbright criticized proposed cuts in agriculture budget and lower price supports. Reps. Bingham and Roosevelt and Sens. Morse and Lausche commended action prohibiting Public Law 480 sales to UAR. Sen. Jordan introduced and discussed bill to provide acreage-poundage controls for tobacco. Sen. Hickenlooper and others introduced and Sen. Hickenlooper discussed bill to adjust wheat and feed grain production and establish cropland retirement program.

## SENATE

1. ECONOMIC REPORT. Both Houses received the President's Economic Report (H. Doc. 20) (pp. 1402-7, 1423). The report included the following statement regarding agriculture: "Americans owe much to the efficiency of our farmers. Their

independent spirit and productive genius are the envy of the world. We must continue to assure them the opportunity to earn a fair reward for their efforts. I will transmit to the Congress recommendations for improving the effectiveness of our expenditures on price and income supports."

The President stated that he will propose measures to extend and strengthen the Area Redevelopment Act and urged Congress to enact the special program to assist in redeveloping the Appalachian region. He stated that in "the Kennedy round of trade negotiations now under way at Geneva, we are working intensively for a broad liberalization of world trade in both industrial and agricultural products." He called for improved efficiency and coordination of water resource development programs, an expansion of ourdoor recreation facilities, and expansion of the attack on air, water, and soil pollution.

2. WATER POLLUTION. By a vote of 68 to 8, passed with amendments S. 4, to amend the Federal Water Pollution Control Act so as to provide for the establishment of a Federal Water Pollution Control Administration in HEW, to provide grants for research and development in water pollution control, to increase grants for construction of municipal sewage treatment works, and to authorize the establishment of standards of water quality to aid in preventing, controlling, and abating pollution of interstate waters. pp. 1464, 1466-71, 1472, 1474-83, 1487, 1488-1504, 1505-8

By a vote of 75 to 0, agreed to an amendment by Sen. Muskie to provide that adoption of standards and the promulgation of rules and regulations shall be taken in conformity with provisions of the Administrative Procedure Act. pp. 1494-5

By a vote of 50 to 28, agreed to an amendment by Sen. Long, La., to provide that copyrights, patents, and other developments resulting from this program shall be made freely available to the general public. pp. 1495-1503

3. COFFEE. The Finance Committee voted to report (but did not actually report) with amendments S. 701, to carry out U. S. obligations under the International Coffee Agreement. p. D46

4. DISASTER INSURANCE. Passed with amendments S. 408, to authorize the Housing and Home Finance Agency to conduct a study of providing adequate insurance protection for the victims of flood and other natural disasters (pp. 1510, 1511-3). Agreed to an amendment by Sen. Bartlett providing that a report on the study shall be made to the President and the Congress within three years (p. 1512).

5. APPALACHIA. The Public Works Committee reported with amendments (on Jan. 27) S. 3, the Appalachia bill (S. Rept. 13)(p. 1423). Agreed to a unanimous consent agreement providing that a vote on final passage of this bill will be at 3 p. m., Mon., Feb. 1 (p. 1508). Sen. Hruska submitted an amendment intended to be proposed to the bill to strike out Sec. 203 providing authority to the Secretary of Agriculture to make grants to landowners to assist in land development and erosion control (pp. 1447-8); Sen. McClellan submitted an amendment intended to be proposed to the bill to include the Ozark region under the provisions of the bill (p. 1447). Sens. Lausche and Long, La., submitted amendments intended to be proposed to the bill (pp. 1446-7).

6. FARM PROGRAM. Sen. Fulbright criticized proposed cuts in the budget for agricultural programs, and the lowering of price supports for cotton and rice, and inserted an editorial in support of his position. pp. 1485-6

7. PUBLIC LAW 480. Sens. Morse and Lausche expressed support of the House amend- to the USDA supplemental appropriation bill prohibiting sales of agricultural

By Sen. Long, La., to provide for making available to the public any patents made possible by discoveries resulting from the use of Government research funds under the program. pp. 1668-70

Rejected the following amendments:

By Sen. Hruska, 28 to 56, to strike out provisions of the bill authorizing the Secretary of Agriculture to make grants to landowners to assist in land stabilization, erosion, and sediment control activities. pp. 1674-80

By Sen. McClellan, to include the Ozark region under the provisions of the bill. pp. 1665-8

By Sen. Miller, to provide that assistance under the bill may not be furnished to any country in the region which does not meet the requirements of a distressed area under criteria specified in the Area Redevelopment Act. pp. 1673-4

2. APPROPRIATIONS. The Appropriations Committee reported with amendments H. J. Res. 234, providing supplemental appropriations for this Department (S. Rept. 52) (p. 1683). Sen. Holland submitted notices of intention to move to suspend the rules for purposes of offering two amendments to this measure (p. 1713). The "Daily Digest" states that the Committee adopted an amendment providing that no part of the appropriation shall be used during fiscal year 1965 to finance the export of any agricultural commodity to the United Arab Republic under title I of Public Law 480 "except when such exports are necessary to carry out the Sales Agreement entered into October 8, 1962, as amended, and if the President determines that the financing of such exports is in the national interest " (p. D57). Attached to this Digest is a summary of actions of the Committee.

3. COFFEE. The Finance Committee reported with amendments S. 701, to carry out U. S. obligations under the International Coffee Agreement (S. Rept. 53). p. 1685

4. FOREIGN AID. Sen. Javits stated that the President "should make a declaration that we will not aid the United Arab Republic so long as it torpedoes the cause of world peace and the foreign policy of the United States," and that unless he did the Senate had no alternative but to follow the House action terminating sales of agricultural commodities to the UAR under title I of Public Law 480. pp. 1657-8

5. CULTURAL EXCHANGE. Both Houses received from the President a report on the international cultural exchange program for fiscal year 1963. pp. 1591, 1635

6. NOMINATION. Received the nomination of Buford Ellington to be Director of the Office of Emergency Planning. p. 1741

7. FOREIGN TRADE. Sen. Bennett expressed concern over the continued outflow of gold from the U. S. and urged that steps be taken to expand exports, reduce tariff and nontariff barriers to the sale of U. S. goods, and reduce the foreign aid program. pp. 1718-20

8. COMMITTEE INVESTIGATIONS. The Rules and Administration Committee reported the following resolutions authorizing committee studies and investigations: pp. 1683-4

S. Res. 13, without amendment, authorizing studies by the Post Office and Civil Service Committee (S. Rept. 24).

Digest of CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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HIGHLIGHTS: See page 6

## SENATE

1. APPALACHIA. By a vote of 62 to 22, passed with amendments S. 3, the Appalachia bill (pp. 1638-55, 1657, 1658-70, 1672-82). Sen. Byrd, W. Va., inserted a section-by-section analysis of the bill as passed (pp. 1722-5).
   Agreed to the following amendments:
   By Sen. Lausche, to provide that no funds may be used to restore private coal lands ruined by strip mining, pending completion of a study of the problem. pp. 1658-60
   By Sen. Kennedy, N. Y., as modified by an amendment by Sen. Javits, to provide that the Appalachian Regional Commission is authorized to study and consider the inclusion in the program of such counties of N. Y. as are contiguous to the Appalachian region. pp. 1662-4

Calendar No. 52

89th Congress, 1st Session | SENATE | Report No. 53

# COFFEE

February 1 (legislative day, January 29), 1965.—Ordered to be printed

Mr. Long of Louisiana, from the Committee on Finance, submitted the following

## REPORT

together with

## MINORITY VIEWS

[To accompany S. 701]

The Committee on Finance, to whom was referred the bill (S. 701) to carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

### PURPOSE

The purpose of S. 701 is to authorize the procedures required in order that the President might carry out the obligations of the United States under the International Coffee Agreement of 1962. That agreement has been signed by the United States, and the Senate has given its advice and consent to ratification.

The bill would authorize the President to require all coffee entering U.S. markets and all exports of coffee to be accompanied by a certificate of origin or a certificate of reexport; to limit imports of coffee from countries which have not joined in the agreement; to require the keeping of certain records, statistics, and other information; and to take such other action as he may consider necessary to implement the obligations of the United States under the treaty.

The bill also authorizes appropriations necessary to carry out the obligations of the United States under the treaty. Certain obsolete provisions of law would also be repealed.

The U.S. coffee industry has gone on record as favoring both the International Coffee Agreement and this implementing legislation.

35-010 O—65——1

## REASONS FOR BILL

This bill would bring a measure of stability to coffee prices throughout the world. In accomplishing this, not only will we be strengthening the Alliance for Progress which is an important part of the administration's program, but also we will benefit our own coffee consumers by stopping extreme price changes.

Coffee is the single most important agricultural commodity in the trade of most of the developing countries, particularly in Latin America. Coffee exports account for more than 50 percent of all exports in 6 Latin American countries and an average of 25 percent in all the 14 Latin American exporting nations. Seven new African countries receive from 30 to 50 percent of their foreign exchange earnings from coffee. About 20 million persons in the world depend on coffee for their livelihood; more than 60 percent of them are in Latin America. The overwhelming majority are small farmers cultivating less than 5 acres of land. In a very real sense, therefore, coffee is the lifeblood of the developing nations of the world.

It is clear that sharp fluctuations in coffee prices are a very unsettling factor to the producing countries. While there is no perfect way to deal with this problem, an international agreement can at least moderate the wide swings in prices that seriously dislocate the economies of the producing nations. It can enable them to stabilize their domestic economies and broaden their purchases from the United States.

The consumers also gain from the agreement. It provides a forum through which we can persuade producing countries to draw on their stocks to make additional coffee available to the market whenever shortages threaten. In this way, price fluctuations can be moderated for the benefit of coffee drinkers. Without the coffee agreement we have no procedures to guard against unusual market conditions.

## GENERAL STATEMENT

The Senate, on May 21, 1963, gave its advice and consent to the ratification of the International Coffee Agreement, 1962. On December 27, 1963, the United States deposited its instrument of ratification. By so doing the United States became a party to this treaty although the statutory authority enabling the United States to carry out all its obligations under the agreement was lacking. S. 701 would provide this authority.

Membership in the agreement will not obligate U.S. purchasers to buy coffee from any particular country, to buy any specific amount of coffee, or to pay any specific price for coffee. Coffee traders will be free to continue their established practices and patterns of trade, competing as before with buyers in other consuming countries.

The interests of the United States are protected by the fact that it will hold a minimum of 400 votes out of the total of 1,000 consumer votes in the International Coffee Council, the governing body of the agreement, and will also be a member of the executive board. Since practically all important decisions, such as adoption of the budget, establishment of the quotas, or the production control program, require a two-thirds vote of the consumers and producers voting separately, the United States holds sufficient votes to prevent actions

which might be considered adverse to our policy interests, to our business community, or to the American consumer.

The International Coffee Agreement does not contemplate any changes in the traditional relationships between the traders, the roasters, and the retailers. Coffee is a high volume, staple food product. Coffee price and quality are subject to keen competition in retail outlets in the United States. This means that the benefits of success of promoting low-cost efficient production, or in stabilizing the price cannot be withheld from the consumer.

The authority provided by this bill which enables us to fully perform our part in making the Coffee Agreement work can be simply stated.

First, it would authorize the President to prohibit imports from members of the International Coffee Organization of coffee that is not accompanied by a certificate of origin. These certificates identify the source of the coffee and enable the coffee organization to maintain a statistical check on exports and to detect quota violations by producing members. Prohibiting imports of coffee that are not accompanied by certificates helps exporting countries police their quota systems.

Second, it would require U.S. exports and reexports of coffee to be accompanied by certificates of origin or reexport.

Third, it would authorize the President to impose quotas on nations not members of the coffee organization in certain circumstances. In short, it would put teeth into the agreement.

The President is required by this implementing bill to submit to the Congress an annual report on the operations of the agreement, including full information with regard to the level of prices.

This annual report, the first of which is to be filed not later than January 15, 1966, is also to contain a summary of the action the United States and the International Coffee Organization have taken to protect the interests of U.S. consumers.

It should be indicated that although the United States is not yet a fully effective participant in the coffee organization, as a matter of fact the Coffee Agreement already has helped to bring some stability to coffee prices.

Under Secretary of State George W. Ball described for the committee how this occurred at our hearings on the bill. His statement follows:

> Prices in 1962 and the first 9 months of 1963 were at their lowest point in 14 years because production was running 30 percent ahead of consumption. Then in the summer of 1963, a severe frost and the worst drought of the century cut Brazil to one quarter of its normal output. Prices rose. Responsible action under the Coffee Agreement helped to check this rise and to reverse it. Nothing could be done to produce coffee from trees that had been killed by frost and drought but it was possible to insure that the coffee that was grown was made available. Under the agreement, just this was done—export quotas were increased and prices receded.
>
> By contrast, in 1954—when the Governments of the producing and consuming nations had not undertaken

through an international agreement to moderate coffee-price fluctuations—these prices jumped from 58 cents to over 90 cents per pound after frost crippled the Brazilian crop. This year we had all the ingredients for a repetition of that spectacular price rise—with one critical difference. We had an international agreement. This meant that the problem became one for governmental responsibility. Because there was a forum in which this matter could be discussed, producers—who could depend on our cooperation when prices were declining—acted responsibly when prices were rising, and voted overwhelmingly to increase quotas.

### FIXING OF QUOTAS

Under the agreement quotas must be fixed annually by the International Coffee Council on the basis of estimates of coffee consumption for the forthcoming year. If a quota is not agreed to by the Council, there would be no limitation on imports or exports of coffee. Attached to the International Coffee Agreement as annex A is a listing of the producing members of the agreement together with their basic quotas. This basic quota does not affect the amount of coffee to be made available under the annual quota. It merely indicates each nation's share of whatever quota may be arrived at by negotiations in the Council. Thus, it indicates how the annual quotas will be distributed among producing countries. By the terms of the agreement this basic distribution pattern in annex A remains in effect through 1965 when a new pattern of distribution maybe agreed to.

In setting annual quotas the consuming nations of the world are able to prevent quotas from being established at too low a level. Only if they agree to a quota level can an annual quota be fixed, and only if an annual quota is set will there be any limitation on imports or exports.

The annual quota may be revised during the quota year to meet changes in market conditions, and this time the producing nations are able to prevent a change which would increase quotas to their disadvantage.

It is the veto power of the consuming nations in the setting of annual quotas which gives us the balance of power we need to insure that, when necessary, quarterly adjustments in annual quotas can be made to keep coffee prices within reason. The producing nations recognize that if they are unreasonable in adjusting the annual quota within the quota year, they can expect the consuming nations to retaliate when it comes time to fix an annual quota for the following year.

That this balance of power can be exercised, and indeed, has been exercised to protect our consumers from unwarranted price increases is attested to by the following chart outlining the quota increases made by the Coffee Council in combating the crisis which occurred late in 1963 and in the first half of 1964.

### QUOTA ACTIONS BY THE INTERNATIONAL COFFEE COUNCIL

August 1963: Annual quota for 1963–64 coffee year established at 45,732,622 bags.

November 1963: Proposal to increase annual quota by 2.25 percent defeated by 25 votes.

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June 1964: Redistribution of shortfalls—reflecting inability of some countries to deliver their quota—raises total annual quotas to 48,773,273 bags. Total increase since initial quota set in August 1963 is 3,040,651 bags.

As a result of these quota actions, the initial annual quota for 1964 of 45.7 million bags was increased by more than 3 million bags. This was sufficient to restore buyer confidence that under the agreement we could act to get coffee stocks out of warehouses and onto the market to counteract feared shortages. By this we were able to reverse the rise in spot prices, as shown in table 2 in appendix A of this report.

### EFFECTIVE DATE

Under the bill, the implementing authority is provided through September 30, 1968, unless the agreement is earlier terminated or unless the Congress earlier determines that there has been an unwarranted increase in the price of coffee. Upon the occurrence of either of these conditions the implementing authority would cease. The purpose of this effective date, which was worked out by the committee and which the Department of State acquiesces in, is to insure that our coffee consumers are protected from unwarranted coffee prices. It expresses our confidence that through the mechanism of the International Coffee Organization we can isolate our consumers from the extreme fluctuations which caused them to have to pay record prices for coffee a few years ago when there was no agreement. (For historical trend in coffee prices, see tables 1 and 2, app. A.)

## MINORITY VIEWS ON S. 701

The views here expressed are written out of consideration for the coffee consumers of our Nation. We are convinced that the International coffee agreement, which would be implemented by this bill, serves us no purpose but to increase the price our consumers must pay for the coffee they buy.

Indeed, the agreement already is having that effect. The charts which are included in this report clearly reveal that the price of coffee has gone up nearly 15 cents a pound in the 13-month period which has elapsed since December 1963, when we became a party to the agreement. At that time the price of coffee was barely 70 cents a pound in the retail stores of our country.

But after we joined the coffee cartel, coffee prices immediately began an upward spiral bringing coffee prices today up to nearly 85 cents per pound. This is higher than coffee prices have been since 1945, and inevitably enactment of this bill will be followed by new pressures to force prices up still higher.

Now, what does this mean to coffee consumers? The record of hearings before the committee is clear on this point and even the most ardent proponents of the coffee cartel do not deny it. For every 1-cent rise in the price of coffee the American consumer must pay an additional $32½ million a year for the coffee he drinks. And in the 13 months that we have been party to the agreement there has been a 15-cent rise in the price of coffee. At this rate the coffee agreement is already taking from our consumers more than $487 million a year.

In effect, the coffee agreement operates to levy an excise tax on American coffee consumers for the purpose of paying subsidies to already wealthy coffeegrowers, processors, and speculators; and it does this indirectly, without the formality of a taxing act. Based upon experience since the agreement became effective, the increase in coffee prices represents an excise tax equivalent to about 20 percent. And it is no secret that this bears most heavily on our low-income earners.

(It will be recalled that in the days of the New Deal an act to tax processors of agricultural products to subsidize producers was declared unconstitutional by our Supreme Court. We are unable to discern any real difference between what was done then and what is being done under the International Coffee Agreement.)

The increase in coffee prices following our membership in the coffee agreement is not mere happenstance. Quite the contrary—price increase is one of the stated objectives of the agreement. Thus, article 1 of the agreement states that one of its objectives is "to assist in increasing the purchasing power of coffee-exporting countries," and article 27 requires that the agreement be operated in such a manner that the real income of producing nations be "progressively increased." Unfortunately, nowhere in the agreement do we find any suggestion that coffee prices should ever level off.

There are additional reasons for our not favoring this legislation. The coffee agreement is not an isolated instance of an agricultural product which is in need of price stability. We fear the precedent that is being set today inevitably will be relied upon by the State Department, and others, to justify future agreements which serve to redistribute the wealth of the world by requiring American consumers to pay more for foreign products than they may be worth. We are concerned that the American consumer may thus soon find himself supporting the world price for an endless procession of these products from tropical countries.

The demands of the developing nations of the world, most of which are located in the tropical climates, were voiced in no uncertain terms at last year's United Nations Conference on Trade and Development. Among other concessions, they demanded strong international agreements to support prices and to guarantee markets for their agricultural commodities.

Repeatedly, we have been told that by bringing producing nations and consuming nations together in a single forum we will be able to influence the quantity of coffee to be made available for consumption, and that this is a benefit for consumers. We question how effective our influence might be. Although the United States consumes one-half of the coffee used in the entire world, when it comes to changing quotas to affect some reduction in price, we have only one-fifth of the votes. More importantly, we must persuade two-thirds of the producing nations to absorb the financial loss involved if prices should be reduced.

Our first effort to increase quotas under the coffee agreement was a dismal failure. Our next effort, which occurred after Congress threatened not to approve the implementing legislation (rather than as a result of persuasion), did result in increased coffee quotas, but the increase was not sufficient to halt the upward thrust of retail coffee prices.

We call attention to the fact that a 500,000-bag increase in the quota for 1965, which was scheduled to occur on January 8, failed to go into effect, and now we are under substantial pressure by exporting countries to reduce the 1965 quota by about 2 million bags. The Council has not yet acted to reduce the quotas, possibly because of the pending vote in the Senate on this very bill.

As we have already emphasized in these views, we must expect coffee prices to move upward to still higher levels if the threat of congressional disapproval of this implementing legislation is removed.

Even now, representatives of important coffee-producing nations of the world are banding together to devise means of keeping coffee off the markets to force prices on up. If these nations are successful then the coffee agreement is nothing more than an instrument to set prices at levels agreeable to the producing nations. If the prices resulting from quota action of the Council are unsatisfactory to the producers, then they merely refrain from exporting the coffee agreed to in the Council. This, of course, immediately affects prices and places American consumers still more at the mercy of foreign coffee producers.

Finally, much is said to us of the role the economic law of supply and demand will continue to play in assuring reasonable prices under the agreement. Actually, the coffee agreement repeals the law of supply and demand. That law cannot operate where supply is arti-

ficially limited. Only where supply is free to respond to demand change (and vice versa) does the law function properly.

Where supply of coffee is restricted by quotas but demand remains constant, or increases, those who are to have the coffee must bid higher prices than others are willing or able to pay for it. It is this philosophy of restriction of supply upon which the international coffee cartel is founded.

We can succinctly summarize our opposition to S. 701.

We object to the effect the coffee cartel has had on coffee prices.

We fear the precedent of having American consumers support world prices for foreign agricultural commodities.

We bemoan our poor bargaining posture under the procedures of the coffee agreement.

We deplore the repeal of the law of supply and demand.

For these reasons, we are convinced that the best interests of our people would be served if S. 701 were not agreed to.

FRANK CARLSON.
JOHN J. WILLIAMS.
HARRY F. BYRD.
WALLACE F. BENNETT.
CARL T. CURTIS.

# APPENDIXES

## Appendix A

Table 1.—*U.S. Coffee prices—annual average price, 1950–64*

[U.S. cents per pound]

| Year | Spot [1] | Retail [2] | Year | Spot [1] | Retail [2] |
|---|---|---|---|---|---|
| 1950 | [3] 50.45 | [3] 79.3 | 1958 | 48.41 | 90.7 |
| 1951 | [3] 54.24 | [3] 86.7 | 1959 | 36.97 | 78.0 |
| 1952 | [3] 54.04 | [3] 86.7 | 1960 | 36.60 | 75.3 |
| 1953 | [3] 57.93 | [3] 89.2 | 1961 | 36.01 | 73.6 |
| 1954 | [3] 78.71 | [3] 110.8 | 1962 | 33.96 | 70.8 |
| 1955 | [3] 57.09 | [3] 93.0 | 1963 | 34.11 | 69.4 |
| 1956 | [3] 58.10 | [3] 103.4 | 1964 | 46.66 | 81.8 |
| 1957 | 56.92 | 101.7 | Average, 15 years | 49.35 | [4] 86.01 |

[1] New York spot price, Santos (source: Pan American Coffee Bureau).
[2] Retail price, 1-pound can (source: Bureau of Labor Statistics).
[3] Bag and can combined.
[4] Average price would be higher if in years 1950–56, price of 1-pound can only were given, rather than can and bag combined.

Table 2.—*U.S. Coffee prices—Spot and retail prices*

[U.S. cents per pound]

| | 1962 | | 1963 | | 1964 | |
|---|---|---|---|---|---|---|
| | Spot [1] | Retail [2] | Spot [1] | Retail [2] | Spot [1] | Retail [2] |
| January | 34.20 | 71.2 | 33.85 | 69.2 | 44.83 | 71.7 |
| February | 34.05 | 71.0 | 33.33 | 69.1 | 46.30 | 74.8 |
| March | 34.08 | 71.0 | 33.23 | 68.7 | 49.85 | 78.9 |
| April | 34.08 | 71.1 | 33.00 | 68.7 | 48.60 | 81.1 |
| May | 34.43 | 70.9 | 33.33 | 69.0 | 47.35 | 82.8 |
| June | 34.73 | 71.2 | 34.33 | 69.5 | 46.90 | 83.9 |
| July | 34.55 | 71.3 | 33.58 | 69.6 | 46.65 | 84.4 |
| August | 34.08 | 71.4 | 32.73 | 69.8 | 45.83 | 84.9 |
| September | 33.40 | 71.1 | 32.95 | 69.6 | 45.00 | 84.9 |
| October | 33.18 | 69.5 | 34.98 | 69.7 | 46.58 | 84.6 |
| November | 33.33 | 69.2 | 36.55 | 69.8 | 46.88 | 84.9 |
| December | 33.40 | 70.8 | 37.45 | 70.1 | 45.18 | 84.8 |

[1] New York spot price, Santos (source: Pan American Coffee Bureau).
[2] Retail price, 1-pound can (source: Bureau of Labor Statistics).

Table 3.—*U.S. green coffee inventories*

| | *Thousands of bags* | | *Thousands of bags* |
|---|---|---|---|
| March 1962 | 3,029 | September 1963 | 4,008 |
| June 1962 | 3,050 | December 1963 | 4,726 |
| September 1962 | 3,376 | March 1964 | 4,366 |
| December 1962 | 3,964 | June 1964 | 4,216 |
| March 1963 | 3,518 | September 1964 | 4,006 |
| June 1963 | 3,435 | December [1] | |

[1] Available in February.



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TABLE 4.—*United States: Aggregate volume and value of green coffee imports, 1954–63* [1]

| | Volume | Value | | Volume | Value |
|---|---|---|---|---|---|
| | *Mllions of bags* | *Millions of dollars* | | *Millions of bags* | *Millions of dollars* |
| 1954 | 17.1 | 1,485.7 | 1959 | 23.3 | 1,097.2 |
| 1955 | 19.7 | 1,356.5 | 1960 | 22.1 | 1,002.7 |
| 1956 | 21.3 | 1,439.0 | 1961 | 22.5 | 964.0 |
| 1957 | 20.9 | 1,375.5 | 1962 | 24.6 | 989.6 |
| 1958 | 20.2 | 1,170.7 | 1963 | 23.9 | 956.9 |

[1] Source: Pan American Coffee Bureau.

## QUOTA ACTIONS BY THE INTERNATIONAL COFFEE COUNCIL

August 1963: Annual quota for 1963–64 coffee year established at 45,732,622 bags.

November 1963: Proposal to increase annual quota by 2.25 percent defeated by 25 votes.

February 1964: Annual quota increased by 5 percent to 48,120,044 bags.

May 1964: Adjustments in quotas of 2 countries increases total annual quota by 355,000 bags.

June 1964: Redistribution of shortfalls—reflecting inability of some countries to deliver their quota—raises total annual quotas to 48,773,273 bags. Total increase since initial quota set in August 1963 is 3,040,651 bags.

August 1964: At the August meeting of the Council, annual quotas for the year October 1, 1964-September 30, 1965 were set initially at 47.5 million bags with provision for increases of 500,000 bags on January 8, 1965 and prior to April 30, 1965, depending on the needs and condition of the market.

January 1965: By mail vote the Council decided that the 500,000 bag increase suggested for January 8, 1965 not be made. Present quotas are therefore 47.5 million bags.

(Source: Department of State).

## International Coffee Agreement

*Membership and distribution of votes*

| 34 exporting members [1] | *Votes* |
|---|---|
| Brazil | 356 |
| Burundi | 8 |
| Colombia | 122 |
| Congo (Leopoldville) | 19 |
| Costa Rica | 24 |
| Cuba | 9 |
| Dominican Republic | 13 |
| Ecuador | 16 |
| El Salvador | 33 |
| Ethiopia | 28 |
| Ghana | 6 |
| Guatemala | 31 |
| India | 12 |
| Indonesia | 28 |
| Mexico | 34 |
| Nicaragua | 13 |
| Nigeria [1] | ----- |
| OAMCAF [2] | 89 |
| Panama | 6 |
| Peru | 16 |
| Portugal | 48 |
| Rwanda | 8 |
| Sierra Leone | 6 |
| Tanzania | 13 |
| Trinidad and Tobago | 6 |
| Uganda | 42 |
| Venezuela | 14 |
| Total | 1,000 |

| 21 importing members [1] | *Votes* |
|---|---|
| Argentina [1] | ----- |
| Australia | 11 |
| Austria | 12 |
| Belgium | 33 |
| Canada | 42 |
| Denmark | 29 |
| Federal Republic of Germany | 120 |
| Finland | 25 |
| France | 118 |
| Japan | 13 |
| Luxembourg | 6 |
| Netherlands | 40 |
| New Zealand | 7 |
| Norway | 20 |
| Spain | 20 |
| Sweden | 47 |
| Switzerland [3] | ----- |
| Tunisia [1] | ----- |
| United Kingdom | 39 |
| United States | 400 |
| U.S.S.R | 18 |
| Total | 1,000 |

[1] Nigeria, an exporting member, and Argentina and Tunisia, as importing members, have lost their votes for nonpayment of dues.
[2] OAMCAF members are Cameroon; Central African Republic; Congo (Brazzaville); Dahomey; Gabon; Ivory Coast, Madagascar, and Togo.
[3] Switzerland has just joined the agreement.

## Appendix B

# INTERNATIONAL COFFEE AGREEMENT, 1962

### Preamble

The Governments Parties to this Agreement,

Recognizing the exceptional importance of coffee to the economies of many countries which are largely dependent upon this commodity for their export earnings and thus for the continuation of their development programmes in the social and economic fields;

Considering that close international co-operation on coffee marketing will stimulate the economic diversification and development of coffee-producing countries and thus contribute to a strengthening of the political and economic bonds between producers and consumers;

Finding reason to expect a tendency toward persistent disequilibrium between production and consumption, accumulation of burdensome stocks, and pronounced fluctuations in prices, which can be harmful both to producers and to consumers; and

Believing that, in the absence of international measures, this situation cannot be corrected by normal market forces,

Have agreed as follows:

## Chapter I—Objectives

### ARTICLE 1

*Objectives*

The objectives of the Agreement are:

(1) to achieve a reasonable balance between supply and demand on a basis which will assure adequate supplies of coffee to consumers and markets for coffee to producers at equitable prices, and which will bring about long-term equilibrium between production and consumption;

(2) to alleviate the serious hardship caused by burdensome surpluses and excessive fluctuations in the prices of coffee to the detriment of the interests of both producers and consumers;

(3) to contribute to the development of productive resources and to the promotion and maintenance of employment and income in the Member countries, thereby helping to bring about fair wages, higher living standards, and better working conditions;

(4) to assist in increasing the purchasing power of coffee-exporting countries by keeping prices at equitable levels and by increasing consumption;

(5) to encourage the consumption of coffee by every possible means; and

(6) in general, in recognition of the relationship of the trade in coffee to the economic stability of markets for industrial

products, to further international co-operation in connexion with world coffee problems.

## Chapter II—Definitions

### ARTICLE 2

### *Definitions*

For the purposes of the Agreement:

(1) "Coffee" means the beans and berries of the coffee tree, whether parchment, green or roasted, and includes ground, decaffeinated, liquid and soluble coffee. These terms shall have the following meaning:

(a) "green coffee" means all coffee in the naked bean form before roasting;

(b) "coffee berries" means the complete fruit of the coffee tree; to find the equivalent of coffee berries to green coffee, multiply the net weight of the dried coffee berries by 0.50;

(c) "parchment coffee" means the green coffee bean contained in the parchment skin; to find the equivalent of parchment coffee to green coffee, multiply the net weight of the parchment coffee by 0.80;

(d) "roasted coffee" means green coffee roasted to any degree and includes ground coffee; to find the equivalent of roasted coffee to green coffee, multiply the net weight of roasted coffee by 1.19;

(e) "decaffeinated coffee" means green, roasted or soluble coffee from which caffein has been extracted; to find the equivalent of decaffeinated coffee to green coffee, multiply the net weight of the decaffeinated coffee in green, roasted or soluble form by 1.00, 1.19 or 3.00, respectively;

(f) "liquid coffee" means the water-soluble solids derived from roasted coffee and put into liquid form; to find the equivalent of liquid to green coffee, multiply the net weight of the dried coffee solids contained in the liquid coffee by 3.00;

(g) "soluble coffee" means the dried water-soluble solids derived from roasted coffee; to find the equivalent of soluble coffee to green coffee, multiply the net weight of the soluble coffee by 3.00.

(2) "Bag" means 60 kilogrammes or 132.276 pounds of green coffee; "ton" means a metric ton of 1,000 kilogrammes or 2,204.6 pounds; and "pound" means 453.597 grammes.

(3) "Coffee year" means the period of one year, from 1 October through 30 September; and "first coffee year" means the coffee year beginning 1 October 1962.

(4) "Export of coffee" means, except as otherwise provided in Article 38, any shipment of coffee which leaves the territory of the country where the coffee was grown.

(5) "Organization", "Council" and "Board" mean, respectively, the International Coffee Organization, the Inter-

national Coffee Council, and the Executive Board established under Article 7 of the Agreement.

(6) "Member" means a Contracting Party; a dependent territory or territories in respect of which separate Membership has been declared under Article 4; or two or more Contracting Parties or dependent territories, or both, which participate in the Organization as a Member group under Article 5 or 6.

(7) "Exporting Member" or "exporting country" means a Member or country, respectively, which is a net exporter of coffee; that is, whose exports exceed its imports.

(8) "Importing Member" or "importing country" means a Member or country, respectively, which is a net importer of coffee; that is, whose imports exceed its exports.

(9) "Producing Member" or "producing country" means a Member or country, respectively, which grows coffee in commercially significant quantities.

(10) "Distributed simple majority vote" means a majority of the votes cast by exporting Members present and voting, and a majority of the votes cast by importing Members present and voting, counted separately.

(11) "Distributed two-thirds majority vote" means a two-thirds majority of the votes cast by exporting Members present and voting and a two-thirds majority of the votes cast by importing Members present and voting, counted separately.

(12) "Entry into force" means, except where the context otherwise requires, the date on which the Agreement first enters into force, whether provisionally or definitively.

## Chapter III—Membership

### ARTICLE 3

*Membership in the Organization*

Each Contracting Party, together with those of its dependent territories to which the Agreement is extended under paragraph (1) of Article 67, shall constitute a single Member of the Organization, except as otherwise provided under Article 4, 5 or 6.

### ARTICLE 4

*Separate Membership in Respect of Dependent Territories*

Any Contracting Party which is a net importer of coffee may, at any time, by appropriate notification in accordance with paragraph (2) of Article 67, declare that it is participating in the Organization separately with respect to any of its dependent territories which are net exporters of coffee and which it designates. In such case, the metropolitan territory and its non-designated dependent territories will have a single Membership, and its designated dependent territories, either individually or collectively as the notification indicates, will have separate Membership.

ARTICLE 5

*Group Membership upon Joining the Organization*

(1) Two or more Contracting Parties which are net exporters of coffee may, by appropriate notification to the Secretary-General of the United Nations at the time of deposit of their respective instruments of ratification or accession, and to the Council at its first session, declare that they are joining the Organization as a Member group. A dependent territory to which the Agreement has been extended under paragraph (1) of Article 67 may constitute part of such a Member group if the Government of the State responsible for its international relations has given appropriate notification thereof under paragraph (2) of Article 67. Such Contracting Parties and dependent territories must satisfy the following conditions:

(a) they shall declare their willingness to accept responsibility for group obligations in an individual as well as a group capacity;

(b) they shall subsequently provide sufficient evidence to the Council that the group has the organization necessary to implement a common coffee policy, and that they have the means of complying, together with the other parties to the group, with their obligations under the Agreement; and

(c) they shall subsequently provide evidence to the Council either:

(i) that they have been recognized as a group in a previous international coffee agreement; or

(ii) that they have:

(*a*) a common or co-ordinated commercial and economic policy in relation to coffee, and

(*b*) a co-ordinated monetary and financial policy, as well as the organs necessary for implementing such a policy, so that the Council is satisfied that the Member group can comply with the spirit of group membership and the group obligations involved.

(2) The Member group shall consitute a single Member of the Organization, except that each party to the group shall be treated as if it were a single Member as regards all matters arising under the following provisions:

(a) Chapters XI and XII;

(b) Articles 10, 11 and 19 of Chapter IV; and

(c) Article 70 of Chapter XIX.

(3) The Contracting Parties and dependent territories joining as a Member group shall specify the Government or organization which will represent them in the Council as regards all matters arising under the Agreement other than those specified in paragraph (2) of this Article.

(4) The Member group's voting rights shall be as follows:

(a) the Member group shall have the same number of basic votes as a single Member country joining the Organization in an individual capacity. These basic

votes shall be attributed to and exercised by the Government or organization representing the group;

(b) in the event of a vote on any matters arising under provisions specified in paragraph (2) of this Article, the parties to the member group may exercise separately the votes attributed to them by the provisions of paragraph (3) of Article 12 as if each were an individual Member of the Organization, except for the basic votes, which shall remain attributable only to the Government or organization representing the group.

(5) Any Contracting Party or dependent territory which is a party to a Member group may, by notification to the Council, withdraw from that group and become a separate Member. Such withdrawal shall take effect upon receipt of the notification by the Council. In case of such withdrawal from a group, or in case a party to a group ceases, by withdrawal from the Organization or otherwise, to be such a party, the remaining parties to the group may apply to the Council to maintain the group, and the group shall continue to exist unless the Council disapproves the application. If the Member group is dissolved, each former party to the group will become a separate Member. A Member which has ceased to be a party to a group may not, as long as the Agreement remains in force, again become a party to a group.

ARTICLE 6

*Subsequent Group Membership*

Two or more exporting Members may, at any time after the Agreement has entered into force with respect to them, apply to the Council to form a Member group. The Council shall approve the application if it finds that the Members made a declaration, and have provided evidence, satisfying the requirements of paragraph (1) of Article 5. Upon such approval, the Member group shall be subject to the provisions of paragraphs (2), (3), (4), and (5) of that Article.

## Chapter IV—Organization and Administration

ARTICLE 7

*Establishment, Seat and Structure of the International Coffee Organization*

(1) The International Coffee Organization is hereby established to administer the provisions of the Agreement and to supervise its operation.

(2) The seat of the Organization shall be in London.

(3) The Organization shall function through the International Coffee Council, its Executive Board, its Executive Director, and its staff.

ARTICLE 8

*Composition of the International Coffee Council*

(1) The highest authority of the Organization shall be the International Coffee Council, which shall consist of all the Members of the Organization.

(2) Each Member shall be represented on the Council by a representative and one or more alternates. A Member may also designate one or more advisers to accompany its representative or alternates.

ARTICLE 9

*Powers and Functions of the Council*

(1) All powers specifically conferred by the Agreement shall be vested in the Council, which shall have the powers and perform the functions necessary to carry out the provisions of the Agreement.

(2) The Council shall, by a distributed two-thirds majority vote, establish such rules and regulations, including its own rules of procedure and the financial and staff regulations of the Organization, as are necessary to carry out the provisions of the Agreement and are consistent therewith. The Council may, in its rules of procedure, provide a procedure whereby it may, without meeting, decide specific questions.

(3) The Council shall also keep such records as are required to perform its functions under the Agreement and such other records as it considers desirable, and shall publish an annual report.

ARTICLE 10

*Election of the Chairman and Vice-Chairmen of the Council*

(1) The Council shall elect, for each coffee year, a Chairman and a first, a second, and a third Vice-Chairman.

(2) As a general rule, the Chairman and the first Vice-Chairman shall both be elected either from among the representatives of exporting Members, or from among the representatives of importing Members, and the second and the third Vice-Chairmen shall be elected from representatives of the other category of Members; these offices shall alternate each coffee year between the two categories of Members.

(3) Neither the Chairman nor any Vice-Chairman acting as Chairman shall have the right to vote. His alternate will in such case exercise the Member's voting rights.

ARTICLE 11

*Sessions of the Council*

As a general rule, the Council shall hold regular sessions twice a year. It may hold special sessions if it so decides. Special sessions shall also be held when either the Executive

Board, or any five Members, or a Member or Members having at least 200 votes so request. Notice of sessions shall be given at least thirty days in advance, except in cases of emergency. Sessions shall be held at the seat of the Organization, unless the Council decides otherwise.

ARTICLE 12

*Votes*

(1) The exporting Members shall together hold 1,000 votes and the importing Members shall together hold 1,000 votes, distributed within each category of Members—that is, exporting and importing Members, respectively—as provided in the following paragraphs of this Article.

(2) Each Member shall have five basic votes, provided that the total number of basic votes within each category of Members does not exceed 150. Should there be more than thirty exporting Members or more than thirty importing Members, the number of basic votes for each Member within the category of Members shall be adjusted so as to keep the number of basic votes for each category of Members within the maximum of 150.

(3) The remaining votes of exporting Members shall be divided among those Members in proportion to their respective basic export quotas, except that in the event of a vote on any matter arising under the provisions specified in paragraph (2) of Article 5, the remaining votes of a member group shall be divided among the parties to that group in proportion to their respective participation in the basic export quota of the Member group.

(4) The remaining votes of importing Members shall be divided among those Members in proportion to the average volume of their respective coffee imports in the preceding three-year period.

(5) The distribution of votes shall be determined by the Council at the beginning of each coffee year, and shall remain in effect during that year, except as provided in paragraph (6) of this Article.

(6) The Council shall provide for the redistribution of votes in accordance with this Article whenever there is a change in the Membership of the Organization, or if the voting rights of a Member are suspended or regained under the provisions of Article 25, 45 or 61.

(7) No Member shall hold more than 400 votes.

(8) There shall be no fractional votes.

ARTICLE 13

*Voting Procedure of the Council*

(1) Each representative shall be entitled to cast the number of votes held by the Member represented by him, and cannot divide its votes. He may, however, cast differently from such votes any votes which he exercises pursuant to paragraph (2) of this Article.

(2) Any exporting Member may authorize any other exporting Member, and any importing Member may authorize any other importing Member, to represent its interests and to exercise its right to vote at any meeting or meetings of the Council. The limitation provided for in paragraph (7) of Article 12 shall not apply in this case.

ARTICLE 14

*Decisions of the Council*

(1) All decisions of the Council shall be taken, and all recommendations shall be made, by a distributed simple majority vote unless otherwise provided in the Agreement.

(2) The following procedure shall apply with respect to any action by the Council which under the Agreement requires a distributed two-thirds majority vote:

(a) if a distributed two-thirds majority vote is not obtained because of the negative vote of three or less exporting or three or less importing Members, the proposal shall, if the Council so decides by a majority of the Members present and by a distributed simple majority vote, be put to a vote again within 48 hours;

(b) If a distributed two-thirds majority vote is again not obtained because of the negative vote of two or less importing or two or less exporting Members, the proposal shall, if the Council so decides by the majority of the Members present and by a distributed simple majority vote, be put to a vote again within 24 hours;

(c) if a distributed two-thirds majority vote is not obtained in the third vote because of the negative vote of one exporting Member or one importing Member, the proposal shall be considered adopted;

(d) if the Council fails to put a proposal to a further vote, it shall be considered rejected.

(3) The Members undertake to accept as binding all decisions of the Council under the provisions of the Agreement.

ARTICLE 15

*Composition of the Board*

(1) The Executive Board shall consist of seven exporting Members and seven importing Members, elected for each coffee year in accordance with Article 16. Members may re-elected.

(2) Each member of the Board shall appoint one representative and one or more alternates.

(3) The Chairman of the Board shall be appointed by the Council for each coffee year and may be re-appointed. He shall not have the right to vote. If a representative is appointed Chairman, his alternate will have the right to vote in his place.

(4) The Board shall normally meet at the seat of the Organization but may meet elsewhere.

ARTICLE 16

*Election of the Board*

(1) The exporting and the importing Members of the Board shall be elected in the Council by the exporting and the importing Members of the Organization respectively. The election within each category shall be held in accordance with the following paragraphs of this Article.

(2) Each Member shall cast all the votes to which it is entitled under Article 12 for a single candiate. A Member may cast for another candidate any votes which it exercises pursuant to paragraph (2) of Article 13.

(3) The seven candidates receiving the largest number of votes shall be elected; however, no candidates shall be elected on the first ballot unless it receives at least 75 votes.

(4) If under the provisions of paragraph (3) of this Article less than seven candidates are elected on the first ballot, further ballots shall be held in which only Members who did not vote for any of the candidates elected shall have the right to vote. In each further ballot, the minimum number of votes required for election shall be successively diminished by five until seven candidates are elected.

(5) Any Member who did not vote for any of the Members elected shall assign its votes to one of them, subject to paragraphs (6) and (7) of this Article.

(6) A Member shall be deemed to have received the number of votes originally cast for it when it was elected and, in addition, the number of votes assigned to it, provided that the total number of votes shall not exceed 499 for any Member elected.

(7) If the votes deemed received by an elected Member would otherwise exceed 499, Members which voted for or assigned their votes to such elected Member shall arrange among themselves for one or more of them to withdraw their votes from that Member and assign or reassign them to another elected Member so that the votes received by each elected Member shall not exceed the limit of 499.

ARTICLE 17

*Competence of the Board*

(1) The Board shall be responsible to and work under the general direction of the Council.

(2) The Council may, by a distributed simple majority vote, delegate to the Board the exercise of any or all of its powers, other than the following:

(a) annual distribution of votes under paragraph (5) of Article 12;

(b) approval of the administrative budget and assessment of contributions under Article 24;

(c) determination of quotas under the Agreement;

(d) imposition of enforcement measures other than those whose application is automatic;

(e) suspension of the voting rights of a Member under Article 45 or 61;

(f) determination of individual country and world production goals under Article 48;

(g) establishment of a policy relative to stocks under Article 51;

(h) waiver of the obligations of a Member under Article 60;

(i) decision of disputes under Article 61;

(j) establishment of conditions for accession under Article 65;

(k) a decision to require the withdrawal of a Member under Article 69;

(l) extension or termination of the Agreement under Article 71; and

(m) recommendation of amendments to Members under Article 73.

(3) The Council may at any time, by a distributed simple majority vote, revoke any delegation of powers to the Board.

ARTICLE 18

*Voting Procedure of the Board*

(1) Each member of the Board shall be entitled to cast the number of votes received by it under the provisions of paragraphs (6) and (7) of Article 16. Voting by proxy shall not be allowed. A member may not split its votes.

(2) Any action taken by the Board shall require the same majority as such action would require if taken by the Council.

ARTICLE 19

*Quorum for the Council and the Board*

(1) The quorum for any meeting of the Council shall be the presence of a majority of the Members representing a distributed two-thirds majority of the total votes. If there is no quorum on the day appointed for the opening of any Council session, or if in the course of any Council session there is no quorum at three successive meetings, the Council shall be convened seven days later; at that time and throughout the remainder of that session the quorum shall be the presence of a majority of the Members representing a distributed simple majority of the votes. Representation in accordance with paragraph (2) of Article 13 shall be considered as presence.

(2) The quorum for any meeting of the Board shall be the presence of a majority of the members representing a distributed two-thirds majority of the total votes.

ARTICLE 20

*The Executive Director and the Staff*

(1) The Council shall appoint the Executive Director on the recommendation of the Board. The terms of appointment of the Executive Director shall be established by the Council and shall be comparable to those applying to corresponding officials of similar inter-governmental organizations.

(2) The Executive Director shall be the chief administrative officer of the Organization and shall be responsible for the performance of any duties develving upon him in the administration of the Agreement.

(3) The Executive Director shall appoint the staff in accordance with regulations established by the Council.

(4) Neither the Executive Director nor any member of the staff shall have any financial interest in the coffee industry, coffee trade, or coffee transportation.

(5) In the performance of their duties, the Executive Director and the staff shall not seek or receive instructions from any Member or from any other authority external to the Organization. They shall refrain from any action which might reflect on their position as international officials responsible only to the Organization. Each Member undertakes to respect the exclusively international character of the responsibilities of the Executive Director and the staff and not to seek to influence them in the discharge of their responsibilities.

ARTICLE 21

*Co-operation With Other Organizations*

The Council may make whatever arrangements are desirable for consultation and co-operation with the United Nations and its specialized agencies and with other appropriate inter-governmental organizations. The Council may invite these organizations and any organizations concerned with coffee to send observers to its meetings.

## Chapter V—Privileges and Immunities

ARTICLE 22

*Privileges and Immunities*

(1) The Organization shall have in the territory of each Member, to the extent consistent with its laws, such legal capacity as may be necessary for the exercise of its functions under the Agreement.

(2) The Government of the United Kingdom of Great Britain and Northern Ireland shall grant exemption from taxation on the salaries paid by the Organization to its employees, except that such exemption need not apply to nationals of that country. It shall also grant exemption from taxation on the assets, income and other property of the Organization.

## Chapter VI—Finance

### ARTICLE 23

*Finance*

(1) The expenses of delegations to the Council, representatives on the Board, and representatives on any of the committees of the Council or the Board shall be met by their respective Governments.

(2) The other expenses necessary for the administration of the Agreement shall be met by annual contributions from the Members assessed in accordance with Article 24.

(3) The financial year of the Organization shall be the same as the coffee year.

### ARTICLE 24

*Determination of the Budget and Assessment of Contributions*

(1) During the second half of each financial year, the Council shall approve the administrative budget of the Organization for the following financial year, and shall assess the contribution of each Member to that budget.

(2) The contribution of each Member to the budget for each financial year shall be in the proportion which the number of its votes at the time the budget for that financial year is approved bears to the total votes of all the Members. However, if there is any change in the distribution of votes among Members in accordance with the provisions of paragraph (5) of Article 12 at the beginning of the financial year for which contributions are assessed, such contributions shall be correspondingly adjusted for that year. In determining contributions, the votes of each Member shall be calculated without regard to the suspension of any Member's voting rights or any redistribution of votes resulting therefrom.

(3) The initial contribution of any Member joining the Organization after the entry into force of the Agreement shall be assessed by the Council on the basis of the number of votes to be held by it and the period remaining in the current financial year, but the assessments made upon other Members for the current financial year shall not be altered.

(4) If the Agreement comes into force more than eight months before the beginning of the first full financial year of the Organization, the Council shall at its first session approve an administrative budget covering only the period up to the commencement of the first full financial year. Otherwise the first administrative budget shall cover both the initial period and the first full financial year.

### ARTICLE 25

*Payment of Contributions*

(1) Contributions to the administrative budget for each financial year shall be payable in freely convertible currency, and shall become due on the first day of that financial year.

(2) If any Member fails to pay its full contribution to the administrative budget within six months of the date on which the contribution is due, both its voting rights in the Council and its right to have its votes cast in the Board shall be suspended until such contribution has been paid. However, unless the Council so decides by a distributed two-thirds majority vote, such Member shall not be deprived of any of its other rights nor relieved of any of its obligations under the Agreement.

(3) Any Member whose voting rights have been suspended, either under paragraph (2) of this Article or under Article 45 or 61, shall nevertheless remain responsible for the payment of its contribution.

ARTICLE 26

*Audit and Publication of Accounts*

As soon as possible after the close of each financial year, an independently audited statement of the Organization's receipts and expenditures during that financial year shall be presented to the Council for approval and publication.

## Chapter VII—Regulation of Exports

ARTICLE 27

*General Undertakings by Members*

(1) The Members undertake to conduct their trade policy so that the objectives set forth in Article 1 and, in particular, paragraph (4) of that Article, may be achieved. They agree on the desirability of operating the Agreement in a manner such that the real income derived from the export of coffee could be progressively increased so as to make it consonant with their needs for foreign exchange to support their programmes for social and economic progress.

(2) To attain these purposes through the fixing of quotas as provided for in this Chapter and in other ways carrying out the provisions of the Agreement, the Members agree on the necessity of assuring that the general level of coffee prices does not decline below the general level of such prices in 1962.

(3) The Members further agree on the desirability of assuring to consumers prices which are equitable and which will not hamper a desirable increase in consumption.

ARTICLE 28

*Basic Export Quotas*

(1) For the first three coffee years, beginning on 1 October 1962, the exporting countries listed in Annex A shall have the basic export quotas specified in that Annex.

(2) During the last six months of the coffee year ending 30 September 1965, the Council shall review the basic export

quotas specified in Annex A in order to adjust them to general market conditions. The Council may then revise such quotas by a distributed two-thirds majority vote; if not revised, the basic export quotas specified in Annex A shall remain in effect.

ARTICLE 29

*Quota of a Member Group*

Where two or more countries listed in Annex A form a Member group in accordance with Article 5, the basic export quotas specified for those countries in Annex A shall be added together and the combined total treated as a single quota for the purposes of this Chapter.

ARTICLE 30

*Fixing of Annual Export Quotas*

(1) At least 30 days before the beginning of each coffee year the Council shall adopt by a two-thirds majority vote an estimate of total world imports for the following coffee year and an estimate of probable exports from nonmember countries.

(2) In the light of these estimates the Council shall forthwith fix annual export quotas which shall be the same percentage for all exporting Members of the basic export quotas specified in Annex A. For the first coffee year this percentage is fixed at 99, subject to the provisions of Article 32.

ARTICLE 31

*Fixing of Quarterly Export Quotas*

(1) Immediately following the fixing of the annual export quotas the Council shall fix quarterly export quotas for each exporting Member for the purpose of keeping supply in reasonable balance with estimated demand throughout the coffee year.

(2) These quotas shall be, as nearly as possible, 25 per cent of the annual export quota of each Member during the coffee year. No Member shall be allowed to export more than 30 per cent in the first quarter, 60 per cent in the first two quarters, and 80 per cent in the first three quarters of the coffee year. If exports from any Member in one quarter are less than its quota for that quarter, the outstanding balance shall be added to its quota for the following quarter of that coffee year.

ARTICLE 32

*Adjustment of Annual Export Quotas*

If market conditions so require, the Council may review the quota situation and may vary the percentage of basic export quotas fixed under paragraph (2) of Article 30. In so

doing, the Council shall have regard to any likely shortfalls by Members.

ARTICLE 33

*Notification of Shortfalls*

(1) Exporting Members undertake to notify the Council at the end of the eighth month of the coffee year, and at such later dates as the Council may request, whether they have sufficient coffee available to export the full amount of their quota for that year.

(2) The Council shall take into account these notifications in determining whether or not to adjust the level of export quotas in accordance with Article 32.

ARTICLE 34

*Adjustment of Quarterly Export Quotas*

(1) The Council shall in the circumstances set out in this Article vary the quarterly export quotas fixed for each Member under paragraph (1) of Article 31.

(2) If the Council varies the annual export quotas as provided in Article 32, then the change in that annual quota shall be reflected in the quotas for the current and remaining quarters, or the remaining quarters, of the coffee year.

(3) Apart from the adjustment provided for in the preceding paragraph, the Council may, if it finds the market situation so requires, make adjustments among the current and remaining quarterly export quotas for the same coffee year, without, however, altering the annual export quotas.

(4) If on account of exceptional circumstances an exporting Member considers that the limitations provided in paragraph (2) of Article 31 would be likely to cause serious harm to its economy, the Council may, at the request of that Member, take appropriate action under Article 60. The Member concerned must furnish evidence of harm and provide adequate guarantees concerning the maintenance of price stability. The Council shall not, however, in any event, authorize a Member to export more than 35 per cent of its annual export quota in the first quarter, 65 per cent in the first two quarters, and 85 per cent in the first three quarters of the coffee year.

(5) All Members recognize that marked price rises or falls occurring within brief periods may unduly distort underlying trends in price, cause grave concern to both producers and consumers, and jeopardize the attainment of the objectives of the Agreement. Accordingly, if such movements in general price levels occur within brief periods, Members may request a meeting of the Council which, by distributed simple majority vote, may revise the total level of the quarterly export quotas in effect.

(6) If the Council finds that a sharp and unusual increase or decrease in the general level of prices is due to artificial manipulation of the coffee market through agreements among

importers or exporters or both, it shall then decide by a simple majority vote on what corrective measures should be applied to readjust the total level of the quarterly export quotas in effect.

ARTICLE 35

*Proecdure for Adjusting Export Quotas*

(1) Annual export quotas shall be fixed and adjusted by alerting the basic export quota of each Member by the same percentage.

(2) General changes in all quarterly export quotas, made pursuant to paragraphs (2), (3), (5) and (6) of Article 34, shall be applied *pro rata* to individual quarterly export quotas in accordance with appropriate rules established by the Council. Such rules shall take account of the different percentages of annual export quotas which the different Members have exported or are entitled to export in each quarter of the coffee year.

(3) All decisions by the Council on the fixing and adjustment of annual and quarterly export quotas under Articles 30, 31, 32 and 34 shall be taken, unless otherwise provided, by a distributed two-thirds majority vote.

ARTICLE 36

*Compliance with Export Quotas*

(1) Exporting Members subject to quotas shall adopt the measures required to ensure full compliance with all provisions of the Agreement relating to quotas. The Council may request such Members to adopt additional measures for the effective implementation of the quota system provided for in the Agreement.

(2) Exporting Members shall not exceed the annual and quarterly export quotas allocated to them.

(3) If an exporting Member exceeds its quota for any quarter, the Council shall deduct from one or more of its future quotas a total amount equal to that excess.

(4) If an exporting Member for the second time while the Agreement remains in force exceeds its quarterly quota, the Council shall deduct from one or more of its future quotas a total amount equal to twice that excess.

(5) If an exporting Member for a third or subsequent time while the Agreement remains in force exceeds its quarterly quota, the Council shall make the same deduction as provided in paragraph (4) of this Article, and in addition the Council may take action in accordance with Article 69 to require the withdrawal of such a Member from the Organization.

(6) The deductions in quotas provided in paragraphs (3), (4) and (5) of this Article shall be made by the Council as soon as it receives the necessary information.

ARTICLE 37

*Transitional Quota Provisions*

(1) Exports of coffee after 1 October 1962 shall be charged against the annual export quota of the exporting country concerned at such time as the Agreement enters into force in respect of that country.

(2) If the Agreement enters into force after 1 October 1962, the Council shall, during its first session, make such modifications as may be necessary in the procedure for the fixing of annual and quarterly export quotas in respect of the coffee year in which the Agreement enters into force.

ARTICLE 38

*Shipments of Coffee from Dependent Territories*

(1) Subject to paragraph (2) of this Article, the shipment of coffee from any of the dependent territories of a Member to its metropolitan territory or to another of its dependent territories for domestic consumption therein or in any other of its dependent territories shall not be considered as the export of coffee, and shall not be subject to any export quota limitations, provided that the Member concerned enters into arrangements satisfactory to the Council with respect to the control of re-exports and such other matters as the Council may determine to be related to the operation of the Agreement and which arise out of the special relationship between the metropolitan territory of the Member and its dependent territories.

(2) The trade in coffee between a Member and any of its dependent territories which, in accordance with Article 4 or 5, is a separate Member of the Organization or a party to a Member group, shall however be treated, for the purposes of the Agreement, as the export of coffee.

ARTICLE 39

*Exporting Members not Subject to Quotas*

(1) Any exporting Member whose average annual exports of coffee for the preceding three-year period were less than 25,000 bags shall not be subject to the quota provisions of the Agreement, so long as its exports remain less than that quantity.

(2) Any Trust Territory administered under a trusteeship agreement with the United Nations whose annual exports to countries other than the Administering Authority do not exceed 100,000 bags shall not be subject to the quota provisions of the Agreement, so long as its exports do not exceed that quantity.

ARTICLE 40

*Exports not Charged to Quotas*

(1) In order to facilitate the increase of coffee consumption in certain areas of the world having a low *per capita* consumption and considerable potential for expansion, exports to countries listed in Annex B shall not, subject to the provisions of sub-paragraph (f) of this paragraph, be charged to quotas. The Council, at the beginning of the second full coffee year after the Agreement enters into force, and annually thereafter, shall review the list with a view to determining whether any country or countries should be deleted from it, and may, if it so decides, delete any such country or countries. In connexion with exports to the countries listed in Annex B, the provisions of the following sub-paragraphs shall be applicable:

(a) At its first session, and thereafter whenever it deems necessary, the Council shall prepare an estimate of imports for internal consumption by the countries listed in Annex B, after reviewing the results obtained in the previous year with regard to the increase of coffee consumption in those countries and taking into account the probable effect of promotion campaigns and trade arrangements. Exporting Members shall not in the aggregate export to the countries listed in Annex B more than the quantity set by the Council, and for that purpose the Council shall keep those Members informed of current exports to such countries. Exporting Members shall inform the Council not later than thirty days after the end of each month of all exports made to each of the countries listed in Annex B during that month.

(b) Members shall supply such statistics and other information as the Council may require to assist it in controlling the flow of coffee to countries listed in Annex B and its consumption therein.

(c) Exporting Members shall endeavor to renegotiate existing trade agreements as soon as possible in order to include in them provisions preventing re-exports of coffee from the countries listed in Annex B to other markets. Exporting Members shall also include such provisions in all new trade agreements and in all new sales contracts not covered by trade agreements, whether such contracts are negotiated with private traders or with government organizations.

(d) In order to maintain control at all times of exports to countries listed in Annex B, the Council may decide upon further precautionary steps, such as requiring coffee bags destined to those countries to be specially marked and requiring that the exporting Members receive from such countries banking and contractual guarantees to prevent re-exportation to countries not listed in Annex B. The Council may, whenever it deems necessary, engage the services of an internationally recognized worldwide organization to investigate irregulari-

ties in, or to verify exports to, countries listed in Annex B. The Council shall call any possible irregularity to the attention of the Members.

(e) The Council shall annually prepare a comprehensive report on the results obtained in the development of coffee markets in the countries listed in Annex B.

(f) If coffee exported by a Member to a country listed in Annex B is re-exported to any country not listed in Annex B, the Council shall charge the corresponding amount to the quota of that exporting Member. Should there again be a re-exportation from the same country listed in Annex B, the Council shall investigate the case, and unless it finds extenuating circumstances, may at any time delete that country from Annex B.

(2) Exports of coffee beans as raw material for industrial processing for any purposes other than human consumption as a beverage or foodstuff shall not be charged to quotas, provided that the Council is satisfied from information supplied by the exporting Member that the coffee beans are in fact used for such other purposes.

(3) The Council may, upon application by an exporting Member, decide that coffee exports made by that Member for humanitarian or other non-commercial purposes shall not be charged to its quota.

### ARTICLE 41

*Assurance of Supplies*

In addition to ensuring that the total supplies of coffee are in accordance with estimated world imports, the Council shall seek to ensure that supplies of the types of coffee that consumers require are available to them. To achieve this objective, the Council may, by a distributed two-thirds majority vote, decide to use whatever methods it considers practicable.

### ARTICLE 42

*Regional and Inter-regional Price Arrangements*

(1) Regional and inter-regional price arrangements among exporting Members shall be consistent with the general objectives of the Agreement, and shall be registered with the Council. Such arrangements shall take into account the interests of both producers and consumers and the objectives of the Agreement. Any Member of the Organization which considers that any of these arrangements are likely to lead to results not in accordance with the objectives of the Agreement may request that the Council discuss them with the Members concerned at its next session.

(2) In consultation with Members and with any regional organization to which they belong, the Council may recommend a scale of price differentials for various grades and qualities of coffee which Members should strive to achieve through their pricing policies.

(3) Should sharp price fluctuations occur within brief periods in respect to those grades and qualities of coffee for which a scale of price differentials has been adopted as the result of recommendations made under paragraph (2) of this Article, the Council may recommend appropriate measures to correct the situation.

ARTICLE 43

*Survey of Market Trends*

The Council shall keep under constant survey the trends of the coffee market with a view to recommending price policies, taking into consideration the results achieved through the quota mechanism of the Agreement.

## Chapter VIII—Certificates of Origin and Re-export

ARTICLE 44

*Certificates of Origin and Re-export*

(1) Every export of coffee from any Member in whose territory that coffee has been grown shall be accompanied by a certificate of origin modelled on the form set forth in Annex C, issued by a qualified agency chosen by that Member. Each such Member shall determine the number of copies of the certificate it will require and each copy shall bear a serial number. The original of the certificate shall accompany the documents of export, and a copy shall be furnished to the Organization by that Member. The Council shall, either directly or through an internationally recognized world-wide organization, verify the certificates of origin, so that at any time it will be able to ascertain the quantities of coffee which have been exported by each Member.

(2) Every re-export of coffee from a Member shall be accompanied by a certificate of re-export issued by a qualified agency chosen by that Member, in such form as the Council may determine, certifying that the coffee in question was imported in accordance with the provisions of the Agreement, and, if appropriate, containing a reference to the certificate or certificates of origin under which that coffee was imported. The original of the certificate of re-export shall accompany the documents of re-export, and a copy shall be furnished to the Organization by the re-exporting Member.

(3) Each Member shall notify the Organization of the agency or agencies designated by it to perform the functions specified in paragraphs (1) and (2) of this Article. The Council may at any time, for cause, declare certification by a particular agency unacceptable to it.

(4) Members shall render periodic reports to the Organization concerning imports of coffee, in such form and at such intervals as the Council shall determine.

(5) The provisions of paragraph (1) of this Article shall be put into effect not later than three months after the entry into

force of the Agreement. The provisions of paragraph (2) shall be put into effect at such time as the Council shall decide.

(6) After the respective dates provided for under paragraph (5) of this Article, each Member shall prohibit the entry of any shipment of coffee from any other Member which is not accompanied by a certificate of origin or a certificate of re-export.

## Chapter IX—Regulation of Imports

### ARTICLE 45

*Regulations of Imports*

(1) In order to prevent non-member exporting countries from increasing their exports at the expense of Members, the following provisions shall apply with respect to imports of coffee by Members from non-member countries.

(2) If three months after the Agreement enters into force, or at any time thereafter, the Members of the Organization represent less than 95 per cent of world exports in the calendar year 1961, each Member shall, subject to paragraphs (4) and (5) of this Article, limit its total annual imports from non-member countries as a group to a quantity not in excess of its average annual imports from those countries as a group during the last three years prior to the entry into force of the Agreement for which statistics are available. However, if the Council so decides, the application of such limitations may be deferred.

(3) If at any time the Council, on the basis of information received, finds that exports from non-member countries as group are disturbing the exports of Members, it may, notwithstanding the fact that the Members of the Organization represent 95 percent or more of world exports in the calendar year 1961, decide that the limitations of paragraph (2) shall be applied.

(4) If the Council's estimate of world imports adopted under Article 30 for any coffee year is less than its estimate of world imports for the first full coffee year after the Agreement enters into force, the quantity which each Member may import from non-member countries as a group under the provisions of paragraph (2) shall be reduced by the same proportion.

(5) The Council may annually recommend additional limitations on imports from non-member countries if it finds such limitations necessary in order to further the purposes of the Agreement.

(6) Within one month from the date on which limitations are applied under this Article, each Member shall inform the Council of the quantity of its permissible annual imports from non-member countries as a group.

(7) The obligations of the preceding paragraphs of this Article shall not derogate from any conflicting bilateral or multilateral obligations which importing Members have

entered into with non-member countries before 1 August 1962; provided that any importing Member which has such conflicting obligations shall carry them out in such a way as to minimize the conflict with the obligations of the preceding paragraphs, take steps as soon as possible to bring its obligations into harmony with those paragraphs, and inform the Council of the details of the conflicting obligations and of the steps taken to minimize or eliminate the conflict.

(8) If an importing Member fails to comply with the provisions of this Article, the Council may, by a distributed two-thirds majority vote, suspend both its voting rights in the Council and its right to have its votes cast in the Board.

## Chapter X—Increase of Consumption

### ARTICLE 46

*Promotion*

(1) The Council shall sponsor a continuing programme for promoting the consumption of coffee. The size and cost of this programme shall be subject to periodic review and approval by the Council. The importing Members will have no obligation as respects the financing of this programme.

(2) If the Council after study of the question so decides, it shall establish within the framework of the Board a separate committee of the Organization, to be known as the World Coffee Promotion Committee.

(3) If the World Coffee Promotion Committee is established, the following provisions shall apply:

(a) The Committee's rules, in particular those regarding membership, organization, and financial affairs, shall be determined by the Council. Membership in the Committee shall be limited to Members which contribute to the promotional programme established in paragraph (1) of this Article.

(b) In carrying out its work, the Committee shall establish a technical committee within each country in which a promotional campaign will be conducted. Before a promotional campaign is inaugurated in any Member country, the Committee shall advise the representative of that Member in the Council of the Committee's intention to conduct such a campaign and shall obtain that Member's consent.

(c) The ordinary administrative expenses relating to the permanent staff of the Committee, other than the costs of their travel for promotion purposes, shall be charged to the administrative budget of the Organization, and shall not be charged to the promotion funds of the Committee.

### ARTICLE 47

*Removal of Obstacles to Consumption*

(1) The Members recognize the utmost importance of achieving the greatest possible increase of coffee consump-

tion as rapidly as possible, in particular through the progressive removal of any obstacles which may hinder such increase.

(2) The Members affirm their intention to promote full international co-operation between all coffee exporting and importing countries.

(3) The Members recognize that there are presently in effect measures which may to a greater or lesser extent hinder the increase in consumption of coffee, in particular:

(a) import arrangements applicable to coffee, including preferential and other tariffs, quotas, operations of Government import monopolies and official purchasing agencies, and other administrative rules and commercial practices;

(b) export arrangements as regards direct or indirect subsidies and other administrative rules and commercial practices; and

(c) internal trade conditions and domestic legal and administrative provisions which may affect consumption.

(4) The Members recognize that certain Members have shown their concurrence with the objectives stated above by announcing their intention to reduce tariffs on coffee or by taking other action to remove obstacles to increased consumption.

(5) The Members undertake, in the light of studies already carried out and those to be carried out under the auspices of the Council or by other competent international organizations, and of the Declaration adopted at the Ministerial Meeting in Geneva on 30 November 1961:

(a) to investigate ways and means by which the obstacles to increased trade and consuption referred to in paragraph (3) of this Article could be progressively reduced and eventually, whenever possible, eliminated, or by which their effects could be substantially diminished;

(b) to inform the Council of the results of their investigation, so that the Council can review, within the first eighteen months after the Agreement enters into force, the information provided by Members concerning the effect of these obstacles and, if appropriate, the measures planned to reduce the obstacles or diminish their effects;

(c) to take into account the results of this review by the Council in the adoption of domestic measures and in proposals for international action; and

(d) to review at the session provided for in Article 72 the results acheived by the Agreement and to examine the adoption of further measures for the removal of such obstacles as may still stand in the way of expansion of trade and consumption, taking into account the success of the Agreement in increasing income of exporting Members and in developing consumption.

(6) The Members undertake to study in the Council and in other appropriate organizations any requests presented by

Members whose economies may be affected by the measures taken in accordance with this Article.

## Chapter XI—Production Controls

### ARTICLE 48

*Production Goals*

(1) The producing Members undertake to adjust the production of coffee while the Agreement remains in force to the amount needed for domestic consumption, exports, and stocks as specified in Chapter XII.

(2) Not later than one year after the Agreement enters into force, the Council shall, in consultation with the producing Members, by a distributed two-thirds majority vote, recommend production goals for each of such Members and for the world as a whole.

(3) Each producing Member shall be entirely responsible for the policies and procedures it applies to achieve these objectives.

### ARTICLE 49

*Implementation of Production-Control Programmes*

(1) Each producing Member shall periodically submit written reports to the Council on the measures it has taken or is taking to achieve the objectives of Article 48, as well as on the concrete results obtained. At its first session the Council shall, by a distributed two-thirds majority vote, establish a time-table and procedures for the presentation and discussion of such reports. Before making any observations or recommendations the Council will consult with the Members concerned.

(2) If the Council determines by a distributed two-thirds majority vote either that any producing Member has not, within a period of two years from the entry into force of the Agreement, adopted a programme to adjust its production to the goals recommended by the Council in accordance with Article 48, or that any producing Member's programme is not effective, it may by the same majority decide that such Member shall not enjoy any quota increases which may result from the application of the Agreement. The Council may by the same majority establish whatever procedures it considers appropriate for the purpose of verifying that the provisions of Article 48 have been complied with.

(3) At such time as it considers appropriate, but in any event not later than the review session provided for in Article 72, the Council may, by a distributed two-thirds majority vote, in the light of the reports submitted for its consideration by the producing Members in accordance with paragraph (1) of this Article, revise the production goals recommended in accordance with paragraph (2) of Article 48.

(4) In applying the provisions of this Article, the Council shall maintain close contact with international, national and private organizations which have an interest in or are re-

sponsible for financing or, in general, assisting the development plans of the primary producing countries.

ARTICLE 50

*Co-operation of Importing Members*

Recognizing the paramount importance of bringing the production of coffee into reasonable balance with world demand, the importing Members undertake, consistently with their general policies regarding international assistance, to co-operate with the producing Members in their plans for limiting the production of coffee. Their assistance may be provided on a technical, financial or other basis, and under bilateral, multilateral or regional arrangements, to producing Members implementing the provisions of this Chapter.

## Chapter XII—Regulation of Stocks

ARTICLE 51

*Policy Relative to Coffee Stocks*

(1) At its first session the Council shall take measures to ascertain world coffee stocks, pursuant to systems which it shall establish, and taking into account the following points: quantity, countries of origin, location, quality, and condition. The Members shall facilitate this survey.

(2) Not later than one year after the Agreement enters into force, the Council shall, on the basis of the data thus obtained and in consultation with the Members concerned, establish a policy relative to such stocks in order to complement the recommendations provided for in Article 48 and thereby to promote the attainment of the objectives of the Agreement.

(3) The producing Members shall endeavour by all means within their power to implement the policy established by the Council.

(4) Each producing Member shall be entirely responsible for the measures it applies to carry out the policy thus established by the Council.

ARTICLE 52

*Implementation of Programmes for Regulation of Stocks*

Each producing Member shall periodically submit written reports to the Council on the measures it has taken or is taking to achieve the objectives of Article 51, as well as on the concrete results obtained. At its first session, the Council shall establish a time-table and procedures for the presentation and discussion of such reports. Before making any observations or recommendations, the Council shall consult with the Members concerned.

## Chapter XIII—Miscellaneous Obligations of Members

### ARTICLE 53

*Consultation and Co-operation with the Trade*

(1) The Council shall encourage Members to seek the views of experts in coffee matters.

(2) Members shall conduct their activities within the framework of the Agreement in a manner consonant with the established channels of trade.

### ARTICLE 54

*Barter*

In order to avoid jeopardizing the general price structure, Members shall refrain from engaging in direct and individually linked barter transactions involving the sale of coffee in the traditional markets.

### ARTICLE 55

*Mixtures and Substitutes*

Members shall not maintain any regulations requiring the mixing, processing or using of other products with coffee for commercial resale as coffee. Members shall endeavour to prohibit the sale and advertisement of products under the name of coffee if such products contain less than the equivalent of 90 per cent green coffee as the basic raw material.

## Chapter XIV—Seasonal Financing

### ARTICLE 56

*Seasonal Financing*

(1) The Council shall, upon the request of any Member who is also a party to any bilateral, multilateral, regional or inter-regional agreement in the field of seasonal financing, examine such agreement with a view to verifying its compatability with the obligations of the Agreement.

(2) The Council may make recommendations to Members with a view to resolving any conflict of obligations which might arise.

(3) The Council may, on the basis of information obtained from the Members concerned, and if it deems appropriate and suitable, make general recommendations with a view to assisting Members which are in need of seasonal financing.

## Chapter XV—International Coffee Fund

### ARTICLE 57

*International Coffee Fund*

(1) The Council may establish an International Coffee Fund. The Fund shall be used to further the objective of limiting the production of coffee in order to bring it into reasonable balance with demand for coffee, and to assist in the achievement of the other objectives of the Agreement.

(2) Contribution to the Fund shall be voluntary.

(3) The decision by the Council to establish the Fund and the adoption of guiding principles to govern its administration shall be taken by a distributed two-thirds majority vote.

## Chapter XVI—Information and Studies

### ARTICLE 58

*Information*

(1) The Organization shall act as a centre for the collection, exchange and publication of:

(a) statistical information on world production, prices, exports and imports, distribution and consumption of coffee; and

(b) in so far as is considered appropriate, technical information on the cultivation, processing and utilization of coffee.

(2) The Council may require Members to furnish such information as it considers necessary for its operations, including regular statistical reports on coffee production, exports and imports, distribution, consumption, stocks and taxation, but no information shall be published which might serve to identify the operations of persons or companies producing, processing or marketing coffee. The Members shall furnish information requested in as detailed and accurate a manner as is practicable.

(3) If a Member fails to supply, or finds difficulty in supplying, within a reasonable time, statistical and other information required by the Council for the proper functioning of the Organization, the Council may require the Member concerned to explain the reasons for non-compliance. If it is found that technical assistance is needed in the matter, the Council may take any necessary measures.

### ARTICLE 59

*Studies*

(1) The Council may promote studies in the fields of the economics of coffee production and distribution, the impact of governmental measures in producing and consuming countries on the production and consumption of coffee, the opportunities for expansion of coffee consumption for traditional

and possible new uses, and the effects of the operation of the Agreement on producers and consumers of coffee, including their terms of trade.

(2) The Organization shall continue, to the extent it considers necessary, the studies and research previously undertaken by the Coffee Study Group, and shall periodically carry out studies on trends and projections on coffee production and consumption.

(3) The Organization may study the practicability of prescribing minimum standards for exports from Members who produce coffee. Recommendations in this regard may be discussed by the Council.

## Chapter XVII—Waiver

### ARTICLE 60

### *Waiver*

(1) The Council may, by a two-thirds distributed majority vote, relieve a Member of an obligation which, on account of exceptional or emergency circumstances, *force majeure*, constitutional obligations, or international obligations under the United Nations Charter for territories administered under the trusteeship system, either:

(a) constitutes a serious hardship;

(b) imposes an inequitable burden on such Member; or

(c) gives other Members an unfair or unreasonable advantage.

(2) The Council, in granting a waiver to a Member, shall state explicitly the terms and conditions on which and the period for which the Member is relieved of such obligation.

## Chapter XVIII—Disputes and Complaints

### ARTICLE 61

### *Disputes and Complaints*

(1) Any dispute concerning the interpretation or application of the Agreement which is not settled by negotiation, shall, at the request of any Member party to the dispute, be referred to the Council for decision.

(2) In any case where a dispute has been referred to the Council under paragraph (1) of this Article, a majority of Members, or Members holding not less than one-third of the total votes, may require the Council, after discussion, to seek the opinion of the advisory panel referred to in paragraph (3) of this Article on the issues in dispute before giving its decision.

(3)(a) Unless the Council unanimously agrees otherwise, the panel shall consist of:

(i) two persons, one having wide experience in matters of the kind in dispute and the other having legal standing and experience, nominated by the exporting Members;

(ii) two such persons nominated by the importing Members; and

(iii) a chairman selected unanimously by the four persons nominated under (i) and (ii), or if they fail to agree, by the Chairman of the Council.

(b) Persons from countries whose Governments are Contracting Parties to this Agreement shall be eligible to serve on the advisory panel.

(c) Persons appointed to the advisory panel shall act in their personal capacities and without instructions from any Government.

(d) The expenses of the advisory panel shall be paid by the Council.

(4) The opinion of the advisory panel and the reasons therefor shall be submitted to the Council which, after considering all the relevant information, shall decide the dispute.

(5) Any complaint that any Member has failed to fulfill its obligations under the Agreement shall, at the request of the Member making the complaint, be referred to the Council, which shall make a decision on the matter.

(6) No Member shall be found to have committed a breach of its obligations under the Agreement except by a distributed simple majority vote. Any finding that a Member is in breach of the Agreement shall specify the nature of the breach.

(7) If the Council finds that a Member has committed a breach of the Agreement, it may, without prejudice to other enforcement measures provided for in other articles of the Agreement, by a distributed two thirds majority vote, suspend that Member's voting right in the Council and its right to have its votes cast in the Board until it fulfills its obligations, or the Council may take action requiring compulsory withdrawal under Article 69.

## Chapter XIX—Final Provisions

### ARTICLE 62

*Signature*

The Agreement shall be open for signature at United Nations Headquarters until and including 30 November 1962 by any Government invited to the United Nations Coffee Conference, 1962, and by the Government of any State represented before independence as a dependent territory at that Conference.

### ARTICLE 63

*Ratification*

The Agreement shall be subject to ratification or acceptance by the signatory Governments in accordance with their respective constitutional procedures. Instruments of ratification or acceptance shall be deposited with the Secre-

tary-General of the United Nations not later than 31 December 1963. Each Government depositing an instrument of ratification or acceptance shall, at the time of such deposit, indicate whether it is joining the Organization as an exporting Member or an importing Member, as defined in paragraphs (7) and (8) of Article 2.

ARTICLE 64

*Entry into Force*

(1) The Agreement shall enter into force between those Governments which have deposited instruments of ratification or acceptance when Governments representing at least twenty exporting countries having at least 80 per cent of total exports in the year 1961, as specified in Annex D, and Governments representing at least ten importing countries having at least 80 per cent of world imports in the same year, as specified in the same Annex, have deposited such instruments. The Agreement shall enter into force for any Government which subsequently deposits an instrument of ratification, acceptance or accession on the date of such deposit.

(2) The Agreement may enter into force provisionally. For this purpose, a notification by a signatory Government containing an undertaking to seek ratification or acceptance in accordance with its constitutional procedures as rapidly as possible, which is received by the Secretary-General of the United Nations not later than 30 December 1963, shall be regarded as equal in effect to an instrument of ratification or acceptance. It is understood that a Government which gives such a notification will provisionally apply the Agreement and be provisionally regarded as a party thereto until either it deposits its instrument of ratification or acceptance or until 31 December 1963, whichever is earlier.

(3) The Secretary-General of the United Nations shall convene the first session of the Council, to be held in London within 30 days after the Agreement enters into force.

(4) Whether or not the Agreement has provisionally entered into force in accordance with paragraph (2) of this Article, if by 31 December, 1963 it has not definitively entered into force in accordance with paragraph (1), those Governments which have by that date deposited instruments of ratification or acceptance may consult together to consider what action the situation requires, and may, by mutual consent, decide that it shall enter into force among themselves.

ARTICLE 65

*Accession*

The Government of any State Member of the United Nations or of any of its specialized agencies and any Government invited to the United Nations Coffee Conference, 1962, may accede to this Agreement upon conditions that shall be established by the Council. In establishing such conditions

the Council shall, if such country is not listed in Annex A, establish a basic export quota for it. If such country is listed in Annex A, the respective basic export quota specified therein shall be the basic export quota for that country unless the Council decides otherwise by a distributed two-thirds majority vote. Each Government depositing an instrument of accession shall, at the time of such deposit, indicate whether it is joining the Organization as an exporting Member or an importing Member, as defined in paragraphs (7) and (8) of Article 2.

ARTICLE 66

*Reservations*

Reservations may not be made with respect to any of the provisions of the Agreement.

ARTICLE 67

*Notifications in Respect of Dependent Territories*

(1) Any Government may, at the time of signature or deposit of an instrument of acceptance, ratification or accession, or at any time thereafter, by notification to the Secretary-General of the United Nations, declare that the Agreement shall extend to any of the territories for whose international relations it is responsible, and the Agreement shall extend to the territories named therein from the date of such notification.

(2) Any Contracting Party which desires to exercise its rights under Article 4 in respect of any of its dependent territories, or which desires to authorize one of its dependent territories to become part of a Member group formed under Article 5 or 6, may do so by making a notification to that effect to the Secretary-General of the United Nations, either at the time of the deposit of its instrument of ratification, acceptance or accession, or at any later time.

(3) Any Contracting Party which has made a declaration under paragraph (1) of this Article may at any time thereafter, by notification to the Secretary-General of the United Nations, declare that the Agreement shall cease to extend to the territory named in the notification, and the Agreement shall cease to extend to such territory from the date of such notification.

(4) The Government of a territory to which the Agreement has been extended under paragraph (1) of this Article and which has subsequently become independent may, within 90 days after the attainment of independence, declare by notification to the Secretary-General of the United Nations that it has assumed the rights and obligations of a Contracting Party to the Agreement. It shall, as from the date of such notification, become a party to the Agreement.

ARTICLE 68

*Voluntary Withdrawal*

No Contracting Party may give notice of voluntary withdrawal from the Agreement before 30 September 1963. Thereafter, any Contracting Party may withdraw from the Agreement at any time by giving a written notice of withdrawal to the Secretary-General of the United Nations. Withdrawal shall become effective 90 days after the notice is received.

ARTICLE 69

*Compulsory Withdrawal*

If the Council determines that any Member has failed to carry out its obligations under the Agreement and that such failure significantly impairs the operations of the Agreement, it may, by a distributed two-thirds majority vote, require the withdrawal of such Member from the Organization. The Council shall immediately notify the Secretary-General of the United Nations of any such decision. Ninety days after the date of the Council's decision, that Member shall cease to be a Member of the Organization, and, if such Member is a Contracting Party, a party to the Agreement.

ARTICLE 70

*Settlement of Accounts with Withdrawing Members*

(1) The Council shall determine any settlement of accounts with a withdrawing Member. The Organization shall retain any amounts already paid by a withdrawing Member, and such Member shall remain bound to pay any amounts due from it to the Organization at the time the withdrawal becomes effective; provided, however, that in the case of a Contracting Party which is unable to accept an amendment and consequently either withdraws or ceases to participate in the Agreement under the provisions of paragraph (2) of Article 73, the Council may determine any settlement of accounts which it finds equitable.

(2) A Member which has withdrawn or which has ceased to participate in the Agreement shall not be entitled to any share of the proceeds of liquidation or the other assets of the Organization upon termination of the Agreement under Article 71.

ARTICLE 71

*Duration and Termination*

(1) The Agreement shall remain in force until the completion of the fifth full coffee year after its entry into force, unless extended under paragraph (2) of this Article, or earlier terminated under paragraph (3).

(2) The Council, during the fifth full coffee year after the Agreement enters into force, may, by vote of a majority of the

Members having not less than a distributed two-thirds majority of the total votes, either decide to renegotiate the Agreement, or to extend it for such period as the Council shall determine.

(3) The Council may at any time, by vote of a majority of the Members having not less than a distributed two-thirds majority of the total votes, decide to terminate the Agreement. Such termination shall take effect on such date as the Council shall decide.

(4) Notwithstanding termination of the Agreement, the Council shall remain in being for as long as necessary to carry out the liquidation of the Organization, settlement of its accounts, and disposal of its assets, and shall have during that period such powers and functions as may be necessary for those purposes.

ARTICLE 72

*Review*

In order to review the Agreement, the Council shall hold a special session during the last six months of the coffee year ending 30 September 1965.

ARTICLE 73

*Amendment*

(1) The Council may, by a distributed two-thirds majority vote, recommend an amendment of the Agreement to the Contracting Parties. The amendment shall become effective 100 days after the Secretary-General of the United Nations has received notifications of acceptance from Contracting Parties representing at least 75 per cent of the exporting countries holding at least 85 per cent of the votes of the exporting Members, and from Contracting Parties representing at least 75 per cent of the importing countries holding at least 80 per cent of the votes of the importing Members. The Council may fix a time within which each Contracting Party shall notify the Secretary-General of the United Nations of its acceptance of the amendment, and, if the amendment has not become effective by such time, it shall be considered withdrawn. The Council shall provide the Secretary-General with the information necessary to determine whether the amendment has become effective.

(2) Any Contracting Party, or any dependent territory which is either a Member or a party to a Member group, on behalf of which notification of acceptance of an amendment has not been made by the date on which such amendment becomes effective, shall as of that date cease to participate in the Agreement.

ARTICLE 74

*Notifications by the Secretary-General*

The Secretary-General of the United Nations shall notify all Governments represented by delegates or observers at the United Nations Coffee Conference, 1962, and all other Governments of States Members of the United Nations or of any of its specialized agencies, of each deposit of an instrument of ratification, acceptance or accession, and of the dates on which the Agreement comes provisionally and definitively into force. The Secretary-General of the United Nations shall also notify all Contracting Parties of each notification under Article 5, 67, 68 or 69; of the date to which the Agreement is extended or on which it is terminated under Article 71; and of the date on which an amendment becomes effective under Article 73.

IN WITNESS WHEREOF the undersigned, having been duly authorized to this effect by their respective Governments, have signed this Agreement on the dates appearing opposite their signatures.

The texts of this Agreement in the English, French, Russian, Spanish and Portuguese languages shall all be equally authentic. The originals shall be deposited in the archives of the United Nations, and the Secretary-General of the United Nations shall transmit certified copies thereof to each signatory and acceding Government.

For Argentina:
L M CARABALLO

For Belgium:
WALTER LORIDAN

For Bolivia:
JAIME CABALLERO TAMAYO

For Brazil:
SERGIO ARMANDO FRÃZAO

For Burundi:
PASCAL BUBIRIZA

For Cameroon:
J. KUOH MOUKOURI

For Colombia:
CARLOS SANZ DE SANTAMARIA

For Costa Rica:
F. VOLIO J.

For the Dominican Republic:
DE MOYA

For El Salvador:
F R LIMA

For France:
SEYDOUX

For Guatemala:
ROBERTO ALEJO

For Haiti:
CARLET AUGUSTE

For Honduras:
G CÁCERES

For Italy:
GIUSEPPE BRUSASCA

or Japan:
KATSUO OKAZAKI
Ad referendum

or Madagascar:
LOUIS RAKOTOMALALA

For Mexico:
M A CORDERA JR
Ad referendum

For Peru:
LUIS EDGARIO LLOSA

For Spain
JOSE F. DE LEQUERICA

For Tanganyika:
A. Z. NSILO SWAI

For the United Kingdom of Great Britain and Northern Ireland:
PATRICK DEAN

For the United States of America:
W. MICHAEL BLUMENTHAL

For Venezuela:
MAURICIO BÁEZ
Ad referendum

# UNITED NATIONS COFFEE CONFERENCE, 1962

## Annexes to the International Coffee Agreement, 1962

### ANNEX A

*Basic Export Quotas*

[60-kilogramme bags]

| | | | |
|---|---|---|---|
| Brazil | 18, 000, 000 | Gabon | 18, 000 |
| Colombia | 6, 011, 280 | Ivory Coast | 2, 324, 278 |
| Costa Rica | 950, 000 | Malagasy Republic | 828, 828 |
| Cuba | 200, 000 | Togo | 170, 000 |
| Dominican Republic [a] | 425, 000 | Kenya | 516, 835 |
| Ecuador | 552, 000 | Uganda | 1, 887, 737 |
| El Salvador | 1, 429, 500 | Tanganyika | 435, 458 |
| Guatemala | 1, 344, 500 | Portugal | 2, 188, 648 |
| Haiti [a] | 420, 000 | Congo (Leopoldville) [b] | 700, 000 |
| Honduras | 285, 000 | Ethiopia | 850, 000 |
| Mexico | 1, 509, 000 | India | 360, 000 |
| Nicaragua | 419, 100 | Indonesia | 1, 176, 000 |
| Panama | 26, 000 | Nigeria | 18, 000 |
| Peru | 580, 000 | Rwanda and Burundi [b] | 340, 000 |
| Venezuela | 475, 000 | Sierra Leone | 65, 000 |
| Cameroun | 762, 795 | Trinidad | 44, 000 |
| Central African Republic | 150, 000 | Yemen | 77, 000 |
| Congo (Brazzaville) | 11, 000 | | |
| Dahomey | 37, 224 | Grand total | 45, 587, 183 |

[a] The Republic of Haiti and the Dominican Republic shall be permitted to export 20 percent more than their respective adjusted basic quotas in the coffee year 1963–64. In no event, however, shall such increases be taken into account for the purpose of calculating the distribution of votes. In the review of the Agreement, provided for in Article 72, the two-year production cycle in those countries shall be given special consideration.

[b] In the first coffee year, the Republic of the Congo (Leopoldville), after presentation to the Council of acceptable evidence of an exportable production larger than 700,000 bags, shall be authorized by the Council to export up to 900,000 bags. In the second and third coffee years it is permitted to increase its coffee exports by an amount not to exceed 20 percent over those for the previous year. After presentation to the Council of acceptable evidence of an exportable production larger than 340,000 bags, Rwanda and Burundi may be authorized by the Council to export a combined total of up to 450,000 bags in the first coffee year, 500,000 bags in the second coffee year and 565,000 bags in the third coffee year. In no event, however, shall the increases allowed those countries in the first three years be taken into account for the purpose of calculating the distribution of votes.

### ANNEX B

*Non-quota Countries of Destination, referred to in Article 40, Chapter VII*

The geographical areas below are non-quota countries for purposes of this Agreement:

Bahrein
Basutoland
Bechuanaland
Ceylon
China (Taiwan)
China (mainland)
Federation of Rhodesia and Nyasaland
Hungary
Iran
Iraq
Japan
Jordan
Kuwait
Muscat and Oman
Oman
Philippines
Poland
Qatar
Republic of Korea
North Korea
Republic of Viet-Nam
North Viet-Nam
Romania
Saudi Arabia
Somalia
South West Africa
Sudan
Swaziland
Thailand
Republic of South Africa
Union of Soviet Socialist Republics

## ANNEX C

*Certificate of Origin*

This certificate is made pursuant to the International Coffee Agreement. A copy of this certificate must be submitted with export documents and will be required for export (and import) clearance.

No. _____ Member_____
(to be cited in any future correspondence) (producing country)

I hereby certify that the green, soluble, roasted, semi-roasted or other coffee described below has been produced in_____(producing country).

per S. S.: or other carrier
from: (name of port or other point of embarkation)
to: (name of port or country of final destination)
via:
on or about: (date)

| Shipping Marks or other identification | Quantity (number of units) | Total Weight Kg. | lbs. | Observations |
|---|---|---|---|---|
| *Green* | | Gross _____ | Gross _____ | |
| | | Net _____ | Net _____ | |
| *Roasted or Soluble* | | Grsoo _____ | Gross _____ | |
| | | Net _____ | Net _____ | |
| *Other* (specify) | | | | |

Date_____ Signature_____
(Certifying Officer)
_____
(Certifying Agency)

# ANNEX D

*List of exports and imports in 1961*

## I. EXPORTS

[Thousands of 60-kilogramme bags]

| Country | Bags | Percent | Country | Bags | Percent |
|---|---|---|---|---|---|
| Bolivia | (a) | 0.0 | Jamaica | (a) | 0.0 |
| Brazil | 16,971 | 39.2 | Liberia | 41 | 0.1 |
| Burundi and Rwanda | 397 | 0.9 | Madagascar | 651 | 1.5 |
| Cameroon | 591 | 1.4 | Mauritania | (a) | 0.0 |
| Central African Republic | 121 | 0.3 | Mexico | 1,483 | 3.5 |
| Colombia | 5,651 | 13.1 | Nicaragua | 349 | 0.8 |
| Congo (Brazzaville) | (a) | 0.0 | Nigeria | (a) | 0.0 |
| Congo (Leopoldville) | 499 | 1.2 | Panama | (a) | 0.0 |
| Costa Rica | 835 | 1.9 | Paraguay | 25 | 0.1 |
| Cuba | 85 | 0.2 | Peru | 567 | 1.3 |
| Dahomey | 40 | 0.1 | Portugal | 1,976 | 4.5 |
| Dominican Republic | 327 | 0.8 | Rwanda (see Burundi). | | |
| Ecuador | 381 | 0.9 | Sierra Leone | 85 | 0.2 |
| El Salvador | 1,430 | 3.3 | Tanganyika | 438 | 1.0 |
| Ethiopia | 950 | 2.2 | Togo | 171 | 0.4 |
| Gabon | (a) | 0.0 | Trinidad and Tobago | 38 | 0.1 |
| Ghana | 28 | 0.1 | United Kingdom (Kenya) | 536 | 1.2 |
| Guatemala | 1,255 | 2.9 | United Kingdom (Uganda) | 1,806 | 4.2 |
| Guinea | 200 | 0.5 | Upper Volta | (a) | 0.0 |
| Haiti | 348 | 0.8 | Venezuela | 406 | 0.9 |
| Honduras | 210 | 0.5 | Yemen | 80 | 0.2 |
| India | 539 | 1.2 | | | |
| Indonesia | 1,091 | 2.5 | | | |
| Ivory Coast | 2,618 | 6.0 | Total | 43,219 | 100.0 |

## II. IMPORTS

[Thousands of 60-kilogramme bags]

| | | | | | |
|---|---|---|---|---|---|
| Afghanistan | (a) | 0.0 | Luxembourg (included in Belgium) | -------- | -------- |
| Albania | (a) | 0.0 | Mali | (a) | 0.0 |
| Argentina | 574 | 1.3 | Mongolia | (a) | 0.0 |
| Australia | 156 | 0.4 | Morocco | 129 | 0.3 |
| Austria | 218 | 0.5 | Nepal | (a) | 0.0 |
| Belgium | 1,036 | 2.4 | Netherlands | 1,147 | 2.6 |
| Bulgaria | 60 | 0.1 | New Zealand | 35 | 0.1 |
| Burma | (a) | 0.0 | Niger | (a) | 0.0 |
| Byelorussian S.S.R. (included in U.S.S.R.) | -------- | -------- | Norway | 450 | 1.0 |
| Cambodia | (a) | 0.0 | Pakistan | (a) | 0.0 |
| Canada | 1,119 | 2.6 | Philippines | (a) | 0.0 |
| Ceylon | (a) | 0.0 | Poland | 89 | 0.2 |
| Chad | (a) | 0.0 | Republic of Korea | (a) | 0.0 |
| Chile | 113 | 0.3 | Republic of Viet-Nam | (a) | 0.0 |
| China | (a) | 0.0 | Romania | (a) | 0.0 |
| Cyprus | (a) | 0.0 | Saudi Arabia | (a) | 0.0 |
| Czechoslovakia | 175 | 0.4 | Senegal | (a) | 0.0 |
| Denmark | 727 | 1.7 | Somalia | (a) | 0.0 |
| Federal Republic of Germany | 3,540 | 8.1 | South Africa | 185 | 0.4 |
| Federation of Malaya | 109 | 0.2 | Spain | 300 | 0.7 |
| Federation of Rhodesia and Nyasaland | (a) | 0.0 | Sudan | 154 | 0.3 |
| Finland | 638 | 1.5 | Sweden | 1,295 | 3.0 |
| France | 3,882 | 8.9 | Switzerland | 541 | 1.2 |
| Greece | 132 | 0.3 | Syria | 31 | 0.1 |
| Hungary | 39 | 0.1 | Thailand | 83 | 0.2 |
| Iceland | 29 | 0.1 | Tunisia | 48 | 0.1 |
| Iran | (a) | 0.0 | Turkey | 36 | 0.1 |
| Iraq | (a) | 0.0 | Ukrainian S.S.R. (included in U.S.S.R.) | -------- | -------- |
| Ireland | (a) | 0.0 | Union of Soviet Socialist Republics | 371 | 0.9 |
| Israel | 74 | 0.2 | United Arab Republic | 70 | 0.2 |
| Italy | 1,753 | 4.0 | United Kingdom | 978 | 2.3 |
| Japan | 244 | 0.6 | United States | 22,464 | 51.7 |
| Jordan | 23 | 0.1 | Uruguay | 45 | 0.1 |
| Kuwait | (a) | 0.0 | Yugoslavia | 143 | 0.3 |
| Laos | (a) | 0.0 | | | |
| Lebanon | 158 | 0.4 | Total | 43,393 | 100.0 |
| Libya | (a) | 0.0 | | | |

(a) Less than 22,000 bags.

Calendar No. 52

89TH CONGRESS
1ST SESSION

# S. 701

[Report No. 53]

IN THE SENATE OF THE UNITED STATES

JANUARY 26, 1965

Mr. MANSFIELD (by request) introduced the following bill; which was read twice and referred to the Committee on Finance

FEBRUARY 1 (legislative day, JANUARY 29), 1965

Reported by Mr. LONG of Louisiana, with amendments

[Omit the part struck through and insert the part printed in italic]

# A BILL

To carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "International Coffee Agreement Act of 1965".

SEC. 2. On and after the entry into force of the International Coffee Agreement, 1962, and for such period prior to October 1, 1968, as the agreement remains in effect, *or until the Congress by concurrent resolution determines that an unwarranted increase in the price of coffee has occurred,*

1 the President is authorized, in order to carry out the pro-
2 visions of that agreement—

3 (1) to regulate the entry of coffee for consumption,
4 or withdrawal of coffee from warehouse for consumption,
5 including (A) the limitation of entry, or withdrawal
6 from warehouse, of coffee imported from countries which
7 are not members of the International Coffee Organiza-
8 tion, and (B) the prohibition of entry of any shipment
9 from any member of the International Coffee Organiza-
10 tion of coffee which is not accompanied by a certificate
11 of origin or a certificate of reexport, issued by a quali-
12 fied agency in such form as required under the agree-
13 ment;

14 (2) to require that every export or reexport of
15 coffee from the United States shall be accompanied by a
16 certificate of origin or a certificate of reexport, issued by
17 a qualified agency of the United States designated by
18 him, in such form as required under the agreement;

19 (3) to require the keeping of such records, statistics,
20 and other information, and the rendering of such reports,
21 relating to the importation, distribution, prices, and con-
22 sumption of coffee as he may from time to time prescribe;
23 and

24 (4) to take such other action, and issue and enforce
25 such rules and regulations, as he may consider necessary

or appropriate in order to implement the obligations of the United States under the agreement.

SEC. 3. As used in section 2 of this Act, "coffee" means coffee as defined in article 2 of the International Coffee Agreement, 1962.

~~SEC. 4. It is the sense of the Congress that the United States should continue to adhere to the International Coffee Agreement, 1962, only so long as that agreement does not operate to produce unwarranted increases in the price of coffee in the United States. In the event that it is determined by the President or by a joint resolution of the Congress that an unwarranted increase in the price of coffee has occurred and is attributable to the application or operation of the agreement, it is the further sense of the Congress that the President should forthwith apply to the International Coffee Council and the Executive Board for such corrective action as may be necessary to remedy the situation. If, following a reasonable period, not to exceed seventy-five days, after such application, the President finds that the Council has failed to make such adjustment of quotas or to take such other corrective action as is necessary to remedy the situation, he shall report his findings to the Congress with such recommendations as he may consider appropriate.~~

SEC. ~~5~~ *4*. The President may exercise any powers and duties conferred on him by this ~~Act, other than the powers~~

1 ~~and duties conferred on him by section 4,~~ *Act* through such
2 agency or officer as he shall direct. The powers and duties
3 conferred by this Act shall be exercised in the manner the
4 President considers appropriate to protect the interests of
5 United States consumers.

6 SEC. ~~6~~ *5*. The President shall submit to the Congress
7 an annual report on the International Coffee Agreement,
8 1962. Such report shall contain full information on the
9 operation of such agreement, including full information with
10 respect to the general level of prices of coffee. The report
11 shall also include a summary of the actions the United
12 States and the International Coffee Organization have taken
13 to protect the interests of United States consumers. Such
14 annual report shall be submitted not later than January 15
15 of each year. The first such report shall be submitted not
16 later than January 15, 1966.

17 SEC. ~~7~~ *6*. There are hereby authorized to be appropriated
18 from time to time such sums as may be necessary to carry
19 out the provisions of this Act, including the necessary ex-
20 penses and contributions of the United States in connection
21 with the administration of the International Coffee Agree-
22 ment, 1962. The amount of the contributions of the United
23 States to administer the agreement for any period shall not
24 exceed 20 per centum of the total contributions assessed for
25 such period to administer the agreement.

1 SEC. 8 7. The joint resolution of April 11, 1941, entitled
2 "Joint resolution to carry out the obligations of the United
3 States under the Inter-American Coffee Agreement, signed
4 at Washington on November 28, 1940, and for other pur-
5 poses" (19 U.S.C. 1355 and 1356) is repealed.

Calendar No. 52

89TH CONGRESS
1ST SESSION

# S. 701

[Report No. 53]

# A BILL

To carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes.

By Mr. MANSFIELD

JANUARY 26, 1965
Read twice and referred to the Committee on Finance

FEBRUARY 1 (legislative day, JANUARY 29), 1965
Reported with amendments

# S. 703

# A BILL

# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For information only; should not be quoted or cited)

Issued February 3, 1965
For actions of February 2, 1965
89th-1st; No. 22


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HIGHLIGHTS: Senate passed bill to implement International Coffee Agreement. Sen. Tower submitted amendment to USDA supplemental appropriation bill to restore House language curtailing Public Law 480 sales to UAR. Sen. Mundt commended USDA foreign agricultural training activities. House members to the National Commission on Food Marketing were appointed. Sen. Young, et al, and Rep. Andrews introduced and discussed bills to provide voluntary wheat domestic parity program. Sen. Williams, N. J., introduced and discussed bill to strengthen and improve soil conservation programs. Sen. Bennett introduced and discussed bill to provide survey in national forests along Wasatch Front area, Utah.

SENATE

1. COFFEE. By a vote of 56 to 23, passed as reported S. 701, to authorize the President to carry out U. S. obligations under the International Coffee Agreement until Oct. 1, 1968, or until the Congress by concurrent resolution determinds that an unwarranted increase in the price of coffee has occurred. Sen. Long, La., stated that the bill authorizes the President to prohibit importation of coffee from other member nations unless accompanied by a certificate of origin or by a certificate of reexport, and permits the President to limit importation of coffee from producing countries that are not members of the Coffee Organization. pp. 1793-4, 1795-9, 1801-5

2. APPROPRIATIONS. H. J. Res. 234, the USDA supplemental appropriation bill, was made the unfinished business (pp. 1805-6). Sen. Tower submitted an amendment intended to be proposed to this bill to "restore language placed in the resolution by the other body which curtails export of agricultural commodities to the United Arab Republic" (p. 1772). Sens. Holland, Mundt, and Miller submitted notices of intention to move to suspend the rules for purposes of offering amendments to the bill (pp. 1772, 1809-10).

3. FOREIGN AGRICULTURE. Sen. Mundt commended the foreign agricultural training activities of this Department as a means of easing "international tensions by easing economic distress," and inserted excerpts from the annual report of the foreign agricultural training division reviewing training activities. pp. 1773-4

4. FARM PROGRAM. Sen. Long, Mo., inserted a letter from a constituent "making a particularly impressive presentation of the problems facing farmers in the Midwest and throughout the Nation." p. 1778

5. COMMITTEE ASSIGNMENTS. The Commerce Committee announced the establishment of and appointment of membership to the following subcommittees: p. D63

Surface Transportation: Sens. Lausche (chairman), Hartke, McGee, Cannon, Neuberger, Bass, Morton, Pearson, and Dominick.

To Study Textile Industry: Sens. Pastore (chairman), McGee, and Cotton.

Freight Car Shortage: Sens. Magnuson (chairman), Monroney, McGee, Pearson, and Dominick.

6. ROADS. Received an Idaho Legislature resolution urging "completion of an adequate transportation system on the main roads of national forests and public domain." p. 1744

7. TRANSPORTATION. The Commerce Committee reported an original resolution, S. Res. 76, to authorize the Commerce Committee to make certain studies, including interstate commerce and transportation matters. p. 1745

8. PERSONNEL; PAY. Received the report of the Joint Committee on Reduction of Nonessential Federal Expenditures on Federal employment and pay for Dec. 1964. pp. 1745-9

9. INFORMATION. Sen. Long, Mo., inserted an address by Sen. Anderson making "a very strong and moving plea for new legislation on freedom of information." pp. 1775-8

10. MONOPOLIES. Sen. Dirksen inserted extracts from an address by Sen Hruska on antitrust policy, "A Forecast of Antitrust Policy Regarding Economic Concentration." pp. 1778-81

ham J. Driver as the Administrator of the Veterans' Administration.

LINCOLN S. TAMRAZ,
*National Commander.*

## LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

## INTERNATIONAL COFFEE AGREEMENT

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to consider Calendar No. 52, S. 701, the International Coffee Agreement legislation.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 701) to carry out the obligations of the United States under the International Coffee Agreement, 1963, signed at New York on September 28, 1962, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Finance, with amendments, on page 1, line 7, after the word "effect", to insert "or until the Congress by concurrent resolution determines that an unwarranted increase in the price of coffee has occurred,"; on page 3, after line 5, to strike out:

SEC. 4. It is the sense of the Congress that the United States should continue to adhere to the International Coffee Agreement, 1962, only so long as that agreement does not operate to produce unwarranted increases in the price of coffee in the United States. In the event that it is determined by the President or by a joint resolution of the Congress that an unwarranted increase in the price of coffee has occurred and is attributable to the application or operation of the agreement, it is the further sense of the Congress that the President should forthwith apply to the International Coffee Council and the Executive Board for such corrective action as may be necessary to remedy the situation. If, following a reasonable period, not to exceed seventy-five days, after such application, the President finds that the Council has failed to make such adjustment of quotas or to take such other corrective action as is necessary to remedy the situation, he shall report his findings to the Congress with such recommendations as he may consider appropriate.

At the beginning of line 24, to change the section number from "5" to "4"; in line 25, after the word "this", to strike out "Act, other than the powers and duties conferred on him by section 4," and insert "Act"; on page 4, at the beginning of line 6, to change the section number from "6" to "5"; at the beginning of line 17, to change the section number from "7" to "6"; and on page 5, at the beginning of line 1, to change the section number of "8" to "7"; so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "International Coffee Agreement Act of 1965".

SEC. 2. On and after the entry into force of the International Coffee Agreement, 1962, and for such period prior to October 1, 1968, as the agreement remains in effect, or until the Congress by concurrent resolution determines that an unwarranted increase in the price of coffee has occurred, the President is authorized, in order to carry out the provisions of that ageement—

(1) to regulate the entry of coffee for consumption, or withdrawal of coffee from warehouses for consumption, including (A) the limitation of entry, or withdrawal from warehouse, of coffee imported from countries which are not members of the International Coffee Organization, and (B) the prohibition of entry of any shipment from any member of the International Coffee Organization of coffee which is not accompanied by a certificate of origin or a certificate of reexport, issued by a qualified agency in such form as required under the agreement;

(2) to require that every export or reexport of coffee from the United States shall be accompanied by a certificate of origin or a certificate of reexport, issued by a qualified agency of the United States designated by him, in such form as required under the agreement;

(3) to require the keeping of such records, statistics, and other information, and the rendering of such reports, relating to the importation, distribution, prices, and consumption of coffee as he may from time to time prescribe; and

(4) to take such other action, and issue and enforce such rules and regulations, as he may consider necessary or appropriate in order to implement the obligations of the United States under the agreement.

SEC. 3. As used in section 2 of this Act, "coffee" means coffee as defined in article 2 of the International Coffee Agreement, 1962.

SEC. 4. The President may exercise any powers and duties conferred on him by this Act through such agency or officer as he shall direct. The powers and duties conferred by this Act shall be exercised in the manner the President considers appropriate to protect the interests of United States consumers.

SEC. 5. The President shall submit to the Congress an annual report on the International Coffee Agreement, 1962. Such report shall contain full information on the operation of such agreement, including full information with respect to the general level of prices of coffee. The report shall also include a summary of the actions the United States and the International Coffee Organization have taken to protect the interests of United States consumers. Such annual report shall be submitted not later than January 15 of each year. The first such report shall be submitted not later than January 15, 1966.

SEC. 6. There are hereby authorized to be appropriated from time to time such sums as may be necessary to carry out the provisions of this Act, including the necessary expenses and contributions of the United States in connection with the administration of the International Coffee Agreement, 1962. The amount of the contributions of the United States to administer the agreement for any period shall not exceed 20 per centum of the total contributions assessed for such period to administer the agreement.

SEC. 7. The joint resolution of April 11, 1941, entitled "Joint resolution to carry out the obligations of the United States under the Inter-American Coffee Agreement, signed at Washington on November 28, 1940, and for other purposes" (19 U.S.C. 1355 and 1356) is repealed.

Mr. MANSFIELD. Mr. President, I yield to the senior Senator from Oregon.

Mr. MORSE. Mr. President, the majority leader suggested that I make a brief statement before returning to the hearings on the education bill. I am glad to oblige the majority leader.

I consider it a duty to make this brief statement in support of the coffee agreement in my capacity as chairman of the Subcommittee on Latin American Affairs.

The coffee agreement is vital to our relationships with our Latin American neighbors. We can pour money into Latin America in the Alliance for Peace program; and we are doing it by the millions. I shall continue to support some economic aid to Latin America, but much more limited military aid to Latin America.

We would be wasting the American taxpayers' dollars in large measure if we were to turn down the coffee agreement which is so vital to the economic position of a number of Latin American countries. It is argued that it may result in an increase in the cost of coffee to the American housewife. That is disputable.

Mr. President, I am perfectly willing to support a coffee agreement on the assumption, although I do not think it would be borne out by the facts, that there might be a slight increase in the cost of coffee. We cannot have this as a one-way street in our economic relations with Latin America. The fact is that we export to Latin America about what we import.

Surely we cannot deny that over, say a 10-year period, our own prices of our exports have not risen. It seems to me that the argument that we should turn down a coffee agreement because it might raise the cost of coffee a very small amount per pound is a pretty false sense of economy on our part.

The lowering of the price of coffee per pound in Latin America is a loss to Latin America that is far in excess of the millions of dollars that we pour into Latin America by way of aid.

I make the further point that we have engaged in various interparliamentary conferences with Latin American countries in recent years. A group of us, the majority leader and the Senator from Alabama heading our delegation, will leave for Mexico in the next few days for our annual parliamentary conference with the members of the Mexican Parliament.

We have never had a single parliamentary conference with them, or with other parliamentary groups in Latin America, without the problem of their so-called one commodity, or two or three commodities in the way of so-called raw materials or natural products being exported to the United States, being a great bone of contention in those discussions.

There is a feeling throughout Latin America that we take advantage of them in connection with coffee and other so-called one-commodity areas of Latin America. If we want to really strengthen our relationships with Latin America, if we want to really carry out our profession that we are trying to do something

about increasing economic opportunity and freedom in Latin America, we should not be parsimonious in connection with coffee. I do not want anyone to take it for granted that the coffee agreement is certain to increase the price of coffee.

It will be found that our State Department advisers advise to the contrary. On the other hand, I want it understood that the senior Senator from Oregon is not going to let that argument be the basis for advocacy of opposition to the coffee agreement.

I think it is a good agreement which represents a progressive step forward in our foreign relations with Latin America. In the best interests of our country, we ought to approve the agreement.

PERSONAL STATEMENT BY MR. MAGNUSON ON THE INTERNATIONAL COFFEE AGREEMENT

Mr. MAGNUSON. Mr. President, I have a long-time standing engagement to appear on a panel of the Advertising Council of America. It is a very important engagement. I am hopeful that I shall be through before the Senate votes on the coffee agreement, but if I am not through, and should I not be present to cast my vote, I want the RECORD to show that I would vote "yea."

Mr. JAVITS. Mr. President, Senate passage of the bill to carry out the obligations of the United States under the International Coffee Agreement is vitally important to the success of our policies toward Latin America.

I say that because it is very clear from past experience that a sharp decline in the price of one commodity can wipe out in one afternoon our combined efforts to raise standards of living in Latin America through private and public investment. It is estimated, for example, that each decline of 1 cent per pound in the price of coffee means a loss of $70 million in the foreign exchange earnings of the 35 principal producing countries in Latin America and elsewhere. Such price declines have happened often in the past. The price of coffee has fallen about 42 percent within the last 5 or 6 years.

No amount of production can make up for that. The increasingly adverse terms of trade of primary producing countries are continually vitiating all the aid we can give them. Therefore, the effort to stabilize their terms of trade is a remarkably fine contribution, both to international economic development and to the demands of the newly developing areas for economic stability. Indeed, these countries demand nothing less of us, and they have a right to demand nothing less.

This agreement is so great a contribution to international stability and international peace and to the anti-Communist struggle, that we must wonder why it is opposed. I have read with the greatest of interest the views of my colleagues in the Senate. I am sympathetic with their views. The proposal is opposed on the ground that to give price guarantees and to governmentally limit production is an ineffective solution to this problem; in fact, commodity agreements seem to work in reverse to the real purpose for which they are designed. The best evidence, it is claimed, is our domestic farm program.

Imperfect as this machinery is, it is nonetheless an effort in the international field to do what urgently must be done to deter erosion for the present, so that the forces of recovery, development, and diversification of the economies of these countries may be given a chance to get started.

If we want to give developing countries an opportunity to get off the ground, in terms of development, we shall have to provide them with some kind of stop-loss situation—because the stabilization of the value of a basic commodity like coffee, in quite a few of those countries, is absolutely the determinant of whether the economy will be improving or will involve them in the gravest kind of difficulties.

We must provide primary producing countries such relief in promoting trade as not to beggar them or to deprive them of the necessary political stability, so far as economics has a determining effect on their political stability. At one and the same time we should not allow the situation to become so embedded as to preclude any hope of industrialization or diversification or the ability to make a better future in their own development. The problem of commodity stabilization, as I see it, becomes one of mitigating random and cyclical fluctuations in the price of coffee—or any other primary commodity—without interfering with whatever long-term trend would be established by free market forces. Increased stability in export proceeds of developing primary producing countries could make a valuable contribution to their ability to make long-range development plans.

I do not wish it to be said that I am not interested in consumers. But it is one thing to be for consumers, and another thing to satisfy the needs of consumers by taking it out of the backs of producers, who are less well off, on the whole, than many of our consumers.

## THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be laid aside temporarily and that the Senate proceed to the consideration of Calendar No. 8 (S. Res. 70), and certain other measures on the calendar in sequence.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Under the unanimous-consent agreement, the following resolutions were acted upon, as indicated:

### BESSIE V. BOSE

The resolution (S. Res. 70) to pay a gratuity to Bessie V. Bose was considered and agreed to, as follows:

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Bessie V. Bose, widow of Louis Bose, an employee of the Architect of the Capitol assigned to duty in the Senate Office Buildings at the time of his death, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

### LULU M. McDANIEL

The resolution (S. Res. 71) to pay a gratuity to Lulu M. McDaniel was considered and agreed to, as follows:

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Lulu M. McDaniel, widow of Samuel L. McDaniel, an employee of the Architect of the Capitol at the time of his death, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

### ELEANOR C. JENKINS

The resolution (S. Res. 72) to pay a gratuity to Eleanor C. Jenkins was considered and agreed to, as follows:

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Eleanor C. Jenkins, widow of John F. Jenkins, Junior, an employee of the Senate at the time of his death, a sum equal to three months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

### MEMBERS ON THE PART OF THE SENATE OF JOINT COMMITTEE ON PRINTING AND JOINT COMMITTEE ON THE LIBRARY

The resolution (S. Res. 73) providing for members on the part of the Senate of the Joint Committee on Printing and the Joint Committee of Congress on the Library was considered and agreed to, as follows:

*Resolved*, That the following-named Members be, and they are hereby, elected members of the following joint committees of Congress:

Joint Committee on Printing: Mr. Hayden, of Arizona; Mr. Jordan of North Carolina; and Mr. Scott, of Pennsylvania.

Joint Committee of Congress on the Library: Mr. Jordan of North Carolina; Mr. Pell, of Rhode Island; Mr. Clark, of Pennsylvania; Mr. Cooper, of Kentucky; and Mr. Scott, of Pennsylvania.

### REVISION AND PRINTING OF SENATE MANUAL

The resolution (S. Res. 74) authorizing the revision and printing of the Senate Manual for use during the 89th Congress was considered and agreed to, as follows:

*Resolved*, That the Committee on Rules and Administration be, and it is hereby directed to prepare a revised edition of the Senate Rules and Manual for the use of the Eighty-ninth Congress, that said Rules and Manual shall be printed as a Senate document, and that one thousand six hundred and fifty additional copies shall be printed and bound, of which one thousand copies shall be for the use of the Senate, two hundred copies shall be for the use of the Committee on Rules and Administration, and the remaining four hundred and fifty copies shall be bound in full morocco and tagged as to contents and delivered as may be directed by the committee.

Mr. MANSFIELD. Mr. President, I now ask unanimous consent that the Senate proceed to the consideration of Calendar No. 38 (S. Con. Res. 9), and following measures on the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

The following measures were considered and acted upon as indicated:

## PRINTING OF ADDITIONAL COPIES OF PRAYERS OFFERED IN THE SENATE BY PETER MARSHALL

The concurrent resolution (S. Con. Res. 9) authorizing the printing of additional copies of the prayers offered by the Reverend Peter Marshall in the Senate during the 80th and 81st Congresses was considered and agreed to, as follows:

*Resolved by the Senate (the House of Representatives concurring)*, That there be printed thirty-two thousand two hundred and fifty additional copies of Senate Document Numbered 86, Eighty-first Congress, first session, being the prayers offered by the Chaplain, the Reverend Peter Marshall, doctor of divinity, at the opening of the daily sessions of the Senate of the United States during the Eightieth and Eighty-first Congresses, 1947–1949; of which ten thousand three hundred copies shall be for the use of the Senate and twenty-one thousand nine hundred and fifty copies shall be for the use of the House of Representatives.

## AUTHORITY TO PRINT AS SENATE DOCUMENT HISTORY OF THE PIMA INDIANS AND SAN CARLOS IRRIGATION PROJECT

The resolution (S. Res. 22) authorizing the printing as a Senate document of a history of the Pima Indians and the San Carlos irrigation project was considered, and agreed to, as follows:

*Resolved*, That there be printed as a Senate document a history of the Pima Indians and the San Carlos irrigation project.

## PRINTING AS SENATE DOCUMENT OF CENSUSES OF TERRITORY OF NEW MEXICO AND TERRITORY OF ARIZONA

The resolution (S. Res. 23) authorizing the printing as a Senate document of certain censuses of the Territory of New Mexico and Territory of Arizona was considered, and agreed to, as follows:

*Resolved*, That there be printed as a Senate document excerpts from the decennial census of 1860 for Arizona County in the Territory of New Mexico, excerpts from the decennial Federal census of 1870 for the Territory of Arizona, together with excerpts from the Special Territorial Census of 1864 taken in Arizona under the authority of the Act of September 9, 1850 (9 Stat. 448).

## AUTHORITY TO PRINT AS SENATE DOCUMENT COMPILATION ENTITLED "MINERAL POTENTIAL OF EASTERN MONTANA—A BASIS FOR FUTURE GROWTH"

The resolution (S. Res. 29) authorizing the printing of the compilation entitled "Mineral Potential of Eastern Montana—A Basis for Future Growth" as a Senate document was considered and agreed to, as follows:

*Resolved*, That there be printed with illustrations as a Senate document the compilation entitled "Mineral Potential of Eastern Montana—A Basis for Future Growth", prepared by the Geological Survey and the Bureau of Mines, United States Department of the Interior, at the request of Senator Mike Mansfield.

SEC. 2. There shall be printed one thousand and three hundred additional copies of such document for the use of the Committee on Interior and Insular Affairs.

## AUTHORITY TO PRINT AS SENATE DOCUMENT A REPORT ON STATUS OF COLORADO RIVER STORAGE PROJECT AND PARTICIPATING PROJECTS

The resolution (S. Res. 33) to print as a Senate document a report on the status of the Colorado River storage project and participating projects was considered and agreed to, as follows:

*Resolved*, That there shall be printed as a Senate document the Eighth Annual Report on the Status of the Colorado River Storage Project and Participating Projects, prepared by the Department of the Interior, and an introductory statement by Senator Anderson, and that five hundred extra copies be printed for the use of the Senate Interior and Insular Affairs Committee.

Mr. MANSFIELD. Mr. President, those are all the items on the calendar.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BIBLE in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. TYDINGS in the chair). Without objection, it is so ordered.

## INTERNATIONAL COFFEE AGREEMENT

The Senate resumed the consideration of the bill (S. 701) to carry out the obligations of the United States under the International Coffee Agreement, 1963, signed at New York on September 28, 1962, and for other purposes.

Mr. LONG of Louisiana. Mr. President, the pending bill provides the authority necessary for the Senate to execute its responsibilities under the International Coffee Agreement.

The Senate ratified this agreement on May 21, 1963, by a vote of 69 to 20. The instrument of ratification was deposited on December 27, 1963, and since that time we have been a member of the International Coffee Organization. However, we are not able to act like a member should act. We can do that only upon enactment of this enabling bill.

Let me outline the authorizing features of the bill, and then I shall describe the safeguards for the American coffee consumer which we have written into this bill to insure that the coffee agreement does not become a price-fixing forum. Basically, we have three responsibilities under the agreement and this bill enables us to perform them.

First. It would enable the President to prohibit importation of coffee from other member nations unless accompanied by a certificate of origin, or by a certificate of reexport.

Second. It would premit the President to limit, but not prohibit, importation of coffee from producing countries that are not members of the Coffee Organization.

Third. It would authorize the President to require the maintenance of statistics, records, and other data he considers necessary to implement the obligations of the United States under the agreement.

The purpose of the bill is simple. Consuming nations—and this country consumes nearly as much coffee as all the rest of the world combined—will help producing nations maintain stable prices for coffee by assuring that the amount of coffee available for export does not exceed the amount desired for consumption.

Here is how the coffee agreement works. Estimates are made at the beginning of each year of the quantity of coffee which will be consumed during the year. On the basis of these estimates, the consuming nations on one side, and the producing nations on the other, jointly work out a coffee quota for the year.

Once the annual quota is fixed, the producing nations agree not to export more than their share of the total and to attach a certificate of origin to each bag exported.

Consuming nations agree not to allow coffee to be imported from producing nations unless there is a certificate of origin attached, and also to keep records of the quantity and origin of coffee imported. These statistics will enable producing nations to learn whether any of them are cheating on their agreements.

In effect, we help them enforce their own promises.

The United States has assurances, both in the coffee agreement itself and in this enabling bill, that its consumers are not to be victimized by price fixing under the agreement.

For instance, we have 400 of the 1,000 votes of the consuming nations. This gives us a virtual veto power over the fixing of annual quotas, since quotas and all other important decisions must be reached by two-thirds votes of each side. If the annual quota is not fixed, then there is no limitation whatsoever on the quantity of coffee which can be shipped by producing countries. Thus, the producers have a strong incentive to assure that a quota can be set which is agreeable to the consuming nations. I serve notice, here and now, on our representatives to the Coffee Organization that we expect them to drive a hard bargain in fixing the annual quota.

In this bill, we also have incorporated an important safeguard. We have provided, by committee amendment, that the enabling authority in this bill is to be conditioned upon the maintenance of reasonable price levels. Although the general date in the bill provides that the powers granted by it are to apply until October 1, 1968, we have added an exception to terminate the authority at an earlier date if—and I am quoting from the bill.

Congress by concurrent resolution determines that an unwarranted increase in the price of coffee has occurred.

That is the amendment which was offered by the distinguished minority leader the Senator from Illinois [Mr. DIRKSEN]. I felt that it was a very wise amendment, and I was happy to support it.

This is a real protection for our consumer. With it in the bill, we need not fear the coffee organization will unduly restrict quotas to boost prices.

Mr. President, I call attention to the fact that last summer the Senate approved a coffee program—implementing bill nearly identical with S. 701. We approved it by the substantial margin of 58 to 27. Unfortunately, the House was not able to complete its consideration of a Senate amendment before the 88th Congress adjourned and so we must approve this legislation anew in this Congress.

S. 701 is an important piece of the administration's program. It will improve our relations in Latin America and strengthen the Alliance for Progress. I urge that it be adopted.

Mr. SMATHERS. Mr. President, I rise in support of S. 701. This bill will enable the United States to fully perform its responsibilities under the International Coffee Agreement.

Senators will recall that the coffee agreement itself was submitted to the Senate more than 2 years ago—in October 1962. We consented to its ratification on May 21, 1963, by a vote of 69 to 20.

Last summer the Senate took up the necessary implementing legislation and passed it on July 31 by the substantial margin of 58 to 27. Although the House conferees agreed to the Senate version of last year's bill, Congress adjourned before the House concluded its work on the bill.

The bill we have before us today is substantially identical to the bill we passed last year. It is my opinion that we should act on it promptly—the United States cannot carry out its functions under the agreement until we do.

One of the important features which had a lot to do with the strong vote cast for last year's implementing bill has been substantially retained. In fact, it is fair to state it has been improved on. I refer to the so-called Dirksen amendment which provided Congress with a mechanism for getting us out of the agreement if coffee prices became unreasonable. We looked upon that amendment as a safeguard for our coffee consumers—as an answer to charges that the coffee agreement meant higher prices.

In S. 701, the pending bill, we have kept this protection for the coffee consumers, but we have eliminated the cumbersome procedures required by last year's bill. Under the new version of the Dirksen amendment, whenever Congress finds by a concurrent resolution that there has been an unwarranted increase in the price of coffee, then the authority provided by this bill is automatically terminated. Without this authority we could not enforce the agreement, and I believe it is fair to state that if the United States does not enforce the agreement, it will all fail.

The distinguished Senator from Louisiana [Mr. LONG] has ably described the provisions of S. 701 and the safeguards for our consumers, both in the bill and in the agreement itself. I want to add that the ultimate protection for our consumers is the unrestricted right we have under article 68 to withdraw completely from the agreement, when we feel it is resulting in increased prices of coffee.

Let me indicate why this bill is important. Coffee dominates the economy of Latin America. It accounts for about 25 percent of the export earnings of 14 Latin American countries, and in 6 of these—including Colombia, Brazil, Costa Rica, Guatemala—it accounts for more than half of their earnings. In Africa, coffee accounts for 30–50 percent of the earnings of seven producing countries. What happens in the world coffee market affects them profoundly.

We all know that the coffee market is a wildly fluctuating market with prices as low as 7 cents a pound in 1938 and as high as 93 cents a pound in 1954. It has a long history of boom and bust. These gyrations in coffee prices make orderly growth and development impossible. When prices are too high, there is inflation and overplanting in producing countries. When prices tumble, so too do their government revenues, exchange receipts, private investment, and the general level of economic activity in those countries. Trade with the United States is curtailed and increased aid is needed to bail out the producing countries.

The philosophy of the coffee agreement and of S. 701 is trade not aid. The stated purpose of the agreement is the stabilization of coffee prices, that is, the moderation of the wide swings which have occurred in the past and the promotion of increased coffee consumption.

I emphasize "stabilization of prices." Last year we had a great deal of debate that the agreement would cause coffee prices to rise and that that was the objective of the agreement. I am not in favor of increasing coffee prices, and I do not believe any other Member of this body is. And I would not have voted either for the ratification of the agreement or for the enabling legislation if I had felt that prices would go up because of the agreement.

Unfortunately, coffee prices did begin to rise while we were considering last year's bill, but I believe it is now clear beyond dispute that it was not the agreement which caused it. Rather it was panicky buying of coffee roasters in fear of an impending shortage following a severe frost in Brazil. They unwisely bid prices up without thought that this was just the kind of situation the coffee agreement could and would deal with.

The coffee agreement did deal with that crisis. It acted to increase quotas to provide the market with coffee from stocks in warehouses inside the producing countries. When it was all over, the feared shortages never materialized and the sharp price rises which might have occurred in the absence of the coffee agreement were avoided.

That the coffee trade bought more coffee than it needed to meet consumer demand is well documented in the charts of the committee report indicating the very sharp increase in coffee inventories in this country, which began when the Brazilian crop failure was announced. This artificial and additional demand obviously sent prices up.

I think that now with this experience under the coffee agreement, we can expect less panicky buying in the future, because the trade will have more confidence in the ability of the agreement to get coffee out of stocks and onto the market when it is needed. I note that the coffee industry now favors enactment of this bill.

I join the distinguished Senator from Louisiana and a majority of the members of the Finance Committee in urging passage of S. 701.

Mr. MORTON. Mr. President, have the yeas and nays been ordered on the bill?

The PRESIDING OFFICER. They have not yet been ordered.

Mr. MORTON. I suggest that the Senate have the third reading of the bill.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

The committee amendments were agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. CARLSON. Mr. President, it is rather difficult for me to oppose my distinguished friend, the Senator from Louisiana, and my distinguished friend from Florida [Mr. SMATHERS], on the implementation of the coffee agreement.

I believe my position is well known in the Senate and in the committee. I have consistently opposed agreements, not necessarily the International Coffee Agreement, although that is pending before the Senate now, but all agreements that enter into global price fixing. It is for that reason that I take the floor this afternoon.

We are today asked to approve implementing legislation for the International Coffee Agreement which the Senate approved and ratified on May 21, 1963. On December 27, 1963, the United States deposited its instrument of ratification and became a full member of the International Coffee Organization.

The implementation of the coffee agreement has been before one or both Houses of Congress since its ratification.

I appreciate fully the position of the administration and the State Department in their request for implementation of the International Coffee Agreement from a political standpoint.

Mr. President, I am not insensitive to the situation that develops, not only in Latin America, but in Africa and other countries, when it comes to a price support program which greatly increases the price of a commodity which an underdeveloped country or any other country produces.

On the other hand, we have been participating as a full member of the International Coffee Organization since ratification of the agreement in December 1963. We have paid our share of the

costs of the International Coffee Organization; we have participated in setting quotas; and, in my opinion, have carried on as a full member of the Organization.

I have consistently opposed the enactment of the International Coffee Agreement and today oppose its implementation.

I am opposed to any attempt to set apart agricultural trade and divide international agricultural markets through the use of international commodity agreements.

Second, I do not believe our Government should enter into these agreements which require a certain amount of Government intervention, both in the production and trade of the commodity in question.

Today I have expressed my concern and views in regard to Senate bill 701. They are made a part of the report and headed "Minority Views on S. 701." These views are signed by other members of the committee. I believe that the report on the part of the majority and the minority is excellent. It contains a very excellent statement of the situation.

The charts which are included in this report clearly reveal that the price of coffee has gone up nearly 15 cents a pound in the 13-month period which has elapsed since December 1963, when we became a party to the agreement. At that time the price of coffee was barely 70 cents a pound in the retail stores of our country.

But after we joined the coffee cartel, coffee prices immediately began an upward spiral bringing coffee prices today up to nearly 85 cents per pound. This is higher than coffee prices have been since 1958 and inevitably enactment of this bill will be followed by new pressures to force prices up still higher.

The record of hearings before the committee is clear on this point and even the most ardent proponents of the coffee cartel do not deny it. For every 1-cent rise in the price of coffee the American consumer must pay an additional $32½ million a year for the coffee he drinks. And in the 13 months that we have been party to the agreement there has been a 15-cent rise in the price of coffee. At this rate the coffee agreement is already taking from our consumers more than $487 million a year.

In effect, the coffee agreement operates to levy an excise tax on American coffee consumers for the purpose of paying subsidies to already wealthy coffeegrowers, processors, and speculators; and it does this indirectly, without the formality of a taxing act. Based upon experience since the agreement became effective, the increase in coffee prices represents an excise tax equivalent to about 20 percent. And it is no secret that this bears most heavily on our low-income earners.

In addition to the views expressed in the minority report, I think the record is crystal clear that the International Coffee Organization expects to hold down world trade in coffee to the 47 million bags that were used in world trade in 1962, without any regard to the 3.3 percent population growth rate factor.

It is simple economics that any cartel that is allowed to restrict supply below demand will cause a rise in prices as users scramble for the short supplies.

In August 1963, the International Coffee Council established a national quota for the 1963–64 coffee year of 45,732,622 bags. This was done despite the fact that there was a demand for 48 million bags or more.

I ask unanimous consent to have printed in the RECORD a list of quota actions by the International Coffee Council.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

QUOTA ACTIONS BY THE INTERNATIONAL COFFEE COUNCIL

August 1963: Annual quota for 1963–64 coffee year established at 45,732,622 bags.

November 1963: Proposal to increase annual quota by 2.25 percent defeated by narrow margin of 25 votes.

February 1964: Annual quota increased by 5 percent to 48,120,044 bags.

May 1964: Adjustments in quotas of 2 countries increases total annual quota by 355,000 bags.

June 1964: Redistribution of shortfalls—reflecting inability of some countries to deliver their quota—raises total annual quotas to 48,773,273 bags. Total increase since initial quota set in August 1963 is 3,040,651 bags.

August 1964: At the August meeting of the Council, annual quotas for the year October 1, 1964–September 30, 1965 were set initially at 47.5 million bags with provision for increases of 500,000 bags on January 8, 1965, and prior to April 30, 1965, depending on the needs and condition of the market.

December 1964: At its December 10–16 meeting, the Executive Board recommended to the Council that the 500,000-bag increase suggested for January 8, 1965, not be made. Present quotas are therefore 47.5 million bags.

Source: Department of State.

Mr. CARLSON. I mention in that list the changes that took place in November 1963; February 1964; May 1964; June 1964; August 1964; and December 1964. It is interesting to note that in their December 10–16 meeting in London the executive board recommended to the council that the 500,000-bag increase suggested for January 8, 1965, not be made. Present quotas are therefore 47.5 million bags.

The record of the quota actions by the International Coffee Council is such that the coffee consumers of the Nation and the world can expect but one thing from the operations of this agency—coffee quotas held at a figure that will increase the price of coffee to the consumer.

The idea that international commodity problems can be solved through controls on exports and imports has been given serious consideration for four decades.

Such proposals have been particularly appealing to leaders in underdeveloped countries, because of the promise of stabilization of prices, export earnings, and an improvement in the terms of trade—primary products versus finished goods.

Formal agreements have been implemented for sugar, wheat, tin, coffee, and cotton textiles, with varying provisions, but all have failed to attain their primary objectives for the following reasons:

First. Did not include a sufficient proportion of producing and trading countries.

Second. Export quotas negotiated on a prestige basis—not economic.

Third. Did not include provisions for production control and harmonization of agricultural policies.

Fourth. Governments were not strong enough to fulfill commitments when conditions required.

Fifth. Lack of understanding of importance of international cooperation.

Sixth. Interference of nonparticipating countries.

Seventh. Not sufficiently flexible to adjust to rapidly changing world conditions.

U.S. Government policy with respect to international commodity agreements has varied through the years from outright opposition to full endorsement.

First. The United States participated in the sugar agreement in 1937 and all subsequent extensions because the requirements with respect to commitments were only to carry out the U.S. Sugar Act in a nondiscriminatory manner and because of the prestige of belonging to an international sugar club.

Second. The United States participated in the wheat agreement in 1949 and subsequent extensions with the vain hope that it would slow the expansion of production of wheat in importing countries and thereby maintain an assured outlet for a certain portion of our own production. Also, it was believed that there is some prestige value in belonging. Actually foreign wheat production has continued to expand, and the United States has not been able to control production at home. As a consequence, the United States has resorted to Public Law 480 disposals and export subsidies as a temporary remedy. The wheat agreement has been relegated to mostly an international recordkeeping agency and forum for wheat discussions.

Third. With respect to tin, the United States has consistently refused to participate, largely because it was an exporter agreement with a buffer stock provision. Also, it was developed at a time when the U.S. policy was strongly in opposition to international commodity agreements.

Fourth. In the case of coffee, an agreement was first developed by Latin American exporters but gradually included some of the more important African producers. This agreement failed because the members would not or could not meet their commitments with respect to export controls. Also, many of the individual export quotas were based upon prestige rather than historical performance. In 1962 the United States, under a radical change in policy, participated in the development of a new agreement which included a large proportion of both exporting and importing countries. The agreement is now awaiting ratification of governments, but there is serious doubt that its provisions will be adhered to by the exporting countries.

Fifth. The U.S. Government found itself in a difficult political situation with respect to the imports of cotton textiles and its longstanding cotton program.

In 1961 a 1-year cotton textile agreement was negotiated and in 1962 a longer term arrangement was agreed. Textile producers are supposed to control their shipments to certain markets including the United States, but the controls have been ineffective. As a consequence, the United States has had to implement import controls which have not been totally acceptable to exporters.

In 1961 the U.S. Government changed its policy to favor international commodity agreements, and there is now serious consideration being given to resolving all agricultural trade problems through this mechanism. Cotton textiles and coffee were the first, and studies are progressing with respect to grains, fats and oils, cocoa, and so forth. International study groups have been active as follows:

First. FAO Consultative Subcommittee on the Economic Aspects of Rice.

Second. FAO Cocoa Study Group.

Third. FAO Group on Citrus Fruits.

Fourth. FAO Group on Coconuts and Products.

Fifth. The International Rubber Study Group.

Sixth. The International Wool Study Group.

Seventh. The International Agreement on Olive Oil.

Eighth. The International Cotton Advisory Committee.

In a speech at the meeting of Agricultural Ministers at Paris in November 1962, Secretary Freeman said after making a strong plea for liberalized trade and access to the Common Market:

The principal objective of commodity arrangements, as we see it, would be to develop measures for maintaining trade in those commodities which do not lend themselves to regulation by fixed bound tariffs. Within this context, exporters would expect to obtain meaningful assurances of access to traditional markets. The elements which we believe should be considered in such agreements include international prices, producer prices, supply management including supply control, import quotas, export shares, stocking, and contributions in the form of food aid to less developed countries. Obligations with respect to any of these elements included in the agreement should apply equally to importing countries as well as to exporting countries. If it is not possible to agree on fixing producer prices in importing countries, then specific assurances as to the maintenance of established levels of imports would be required.

I cannot emphasize too strongly the need to include in any commodity arrangement effective measures of supply management. The productive capabilities of our agricultural industries simply exceed possible outlets for the foreseeable future. "We are fully aware of the difficulties that would be encountered in negotiating agreements that include elements which I have just indicated. It is for this reason that the list of commodities for which commodity arrangements are considered should be limited. This problem needs to be studied carefully.

This is a pressing problem at the present time. It will continue to be so as a result of the meetings of the 70 or more underdeveloped countries in Geneva last January until September, at which time there was a general discussion over the fact that these are underdeveloped countries, and other countries should pay above-world-prices for commodities produced in those countries.

For that reason I oppose the implementation of the proposed coffee agreement today, and hope that there may be a yea-and-nay vote on it.

If there is not a sufficient number of Senators present to order the yeas and nays on the passage of the bill, I should like to suggest the absence of a quorum.

Mr. CARLSON subsequently said: Mr. President, I ask unanimous consent that the minority views on Senate bill 701 be printed as a part of the remarks which I made earlier on the coffee agreement.

There being no objection, the minority views were ordered to be printed in the RECORD, as follows:

MINORITY VIEWS ON S. 701

The views here expressed are written out of consideration for the coffee consumers of our Nation. We are convinced that the International Coffee Agreement, which would be implemented by this bill, serves us no purpose but to increase the price our consumers must pay for the coffee they buy.

Indeed, the agreement already is having that effect. The charts which are included in this report clearly reveal that the price of coffee has gone up nearly 15 cents a pound in the 13-month period which has elapsed since December 1963, when we became a party to the agreement. At that time the price of coffee was barely 70 cents a pound in the retail stores of our country.

But after we joined the coffee cartel, coffee prices immediately began an upward spiral bringing coffee prices today up to nearly 85 cents per pound. This is higher than coffee prices have been since 1945, and inevitably enactment of this bill will be followed by new pressures to force prices up still higher.

Now, what does this mean to coffee consumers? The record of hearings before the committee is clear on this point and even the most ardent proponents of the coffee cartel do not deny it. For every 1-cent rise in the price of coffee the American consumer must pay an additional $32½ million a year for the coffee he drinks. And in the 13 months that we have been party to the agreement there has been a 15-cent rise in the price of coffee. At this rate the coffee agreement is already taking from our consumers more than $487 million a year.

In effect, the coffee agreement operates to levy an excise tax on American coffee consumers for the purpose of paying subsidies to already wealthy coffeegrowers, processors, and speculators; and it does this indirectly, without the formality of a taxing act. Based upon experience since the agreement became effective, the increase in coffee prices represents an excise tax equivalent to about 20 percent. And it is no secret that this bears most heavily on our low-income earners.

(It will be recalled that in the days of the New Deal an act to tax processors of agricultural products to subsidize producers was declared unconstitutional by our Supreme Court. We are unable to discern any real difference between what was done then and what is being done under the International Coffee Agreement.)

The increase in coffee prices following our membership in the coffee agreement is not mere happenstance. Quite the contrary—price increase is one of the stated objectives of the agreement. Thus, article 1 of the agreement states that one of its objectives is "to assist in increasing the purchasing power of coffee-exporting countries," and article 27 requires that the agreement be operated in such a manner that the real income of producing nations be "progressively increased." Unfortunately, nowhere in the agreement do we find any suggestion that coffee prices should ever level off.

There are additional reasons for our not favoring this legislation. The coffee agreement is not an isolated instance of an agricultural product which is in need of price stability. We fear the precedent that is being set today inevitably will be relied upon by the State Department, and others, to justify future agreements which serve to redistribute the wealth of the world by requiring American consumers to pay more for foreign products than they may be worth. We are concerned that the American consumer may thus soon find himself supporting the world price for an endless procession of these products from tropical countries.

The demands of the developing nations of the world, most of which are located in the tropical climates, were voiced in no uncertain terms at last year's United Nations Conference on Trade and Development. Among other concessions, they demanded strong international agreements to support prices and to guarantee markets for their agricultural commodities.

Repeatedly, we have been told that by bringing producing nations and consuming nations together in a single forum we will be able to influence the quantity of coffee to be made available for consumption, and that this is a benefit for consumers. We question how effective our influence might be. Although the United States consumes one-half of the coffee used in the entire world, when it comes to changing quotas to affect some reduction in price, we have only one-fifth of the votes. More importantly, we must persuade two-thirds of the producing nations to absorb the financial loss involved if prices should be reduced.

Our first effort to increase quotas under the coffee agreement was a dismal failure. Our next effort, which occurred after Congress threatened not to approve the implementing legislation (rather than as a result of persuasion), did result in increased coffee quotas, but the increase was not sufficient to halt the upward thrust of retail coffee prices.

We call attention to the fact that a 500,000-bag increase in the quota for 1965, which was scheduled to occur on January 8, failed to go into effect, and now we are under substantial pressure by exporting countries to reduce the 1965 quota by about 2 million bags. The Council has not yet acted to reduce the quotas, possibly because of the pending vote in the Senate on this very bill.

As we have already emphasized in these views, we must expect coffee prices to move upward to still higher levels if the threat of congressional disapproval of this implementing legislation is removed.

Even now, representatives of important coffee-producing nations of the world are banding together to devise means of keeping coffee off the markets to force prices on up. If these nations are successful then the coffee agreement is nothing more than an instrument to set prices at levels agreeable to the producing nations. If the prices resulting from quota action of the Council are unsatisfactory to the producers, then they merely refrain from exporting the coffee agreed to in the Council. This, of course, immediately affects prices and places American consumers still more at the mercy of foreign coffee producers.

Finally, much is said to us of the role the economic law of supply and demand will continue to play in assuring reasonable prices under the agreement. Actually, the coffee agreement repeals the law of supply and demand. That law cannot operate where supply is artificially limited. Only where supply is free to respond to demand change (and vice versa) does the law function properly.

Where supply of coffee is restricted by quotas but demand remains constant, or increases, those who are to have the coffee must bid higher prices than others are willing or able to pay for it. It is this phi-

losphy of restriction of supply upon which the international coffee cartel is founded.

We can succinctly summarize our opposition to S. 701.

We object to the effect the coffee cartel has had on coffee prices.

We fear the precedent of having American consumers support world prices for foreign agricultural commodities.

We bemoan our poor bargaining posture under the procedures of the coffee agreement.

We deplore the repeal of the law of supply and demand.

For these reasons, we are convinced that the best interests of our people would be served if S. 701 were not agreed to.

FRANK CARLSON.
JOHN J. WILLIAMS.
HARRY F. BYRD.
WALLACE F. BENNETT.
CARL T. CURTIS.

Mr. DIRKSEN. Mr. President, the proposed coffee legislation was before the Senate in the 88th Congress. At that time I did not believe that there was sufficient control with respect to quotas, and therefore I offered some language in committee, which was adopted, which I thought would be effective in making certain that if prices went up, there would at least be a way to obtain larger quotas, because supply is the only answer to an increase in coffee prices.

On consultation with the Department of Justice it appears that there was a feeling that the language as adopted might be construed as something of an invasion of the right of the President under the treaty power. I am quite frank to admit that I could see partial validity, at least, to the point that was made. That language was deleted when the new bill came before the Senate in the 89th Congress.

At that time I offered language which appears in section 2, on page 1, inasmuch as within the legislative language a limitation of October 1, 1968, had been set for the exercise of the Presidential powers.

It must be quite clear, by implication, that other limitations might be written into it also. Accordingly, the language that appears on page 1 would give to the Congress the authority, if it so desires, to adopt a concurrent resolution whenever there is an unwarranted price increase which would have the effect of stimulating an increased quota in order to head off a possible price increase.

The whole subject of quotas, after all, is the nub of the matter. There have been too many rumors in various parts of the world—Africa, Latin America, and here—as to what the ultimate objective of the coffee producers was. It would appear, of course, that they are going to work at the matter until they obtain a substantial increase in price. By rule of thumb, we understand that a 1-cent increase in the price of coffee would put a burden of $32.5 million upon the American people. If the boast that was made that there would be no stopping until at least a 10-cent increase had been obtained should become a fact, the burden would amount to over $300 million, which would be added to what has already happened since 1962, when the coffee treaty was signed.

I believe that there must be a little more protection than that which appeared in the bill. Congress is free at any time, on ascertaining that coffee prices have increased to the point where we should take cognizance of the fact, to enact a concurrent resolution and, in so doing, bring it to the attention of the President. After that, there ought to be some kind of action to ameliorate the condition.

I do not essentially quarrel with the fact that coffee producers cannot be asked to produce coffee at a loss. No one expects that, of course. On the other hand, we do not expect a gouge, either.

So, in my judgment, between the authority that the President has and the authority that the consumer countries have by virtue of the way that the voting panels are organized, plus the additional language, a fairly good safeguard is constituted. For that reason, I propose to support the bill.

Mr. SMATHERS. Mr. President, I join the Senator from Kansas [Mr. CARLSON] in asking for the yeas and nays on the coffee agreement bill.

The yeas and nays were ordered.

## BANK FAILURES

Mr. LAUSCHE. Mr. President, considerable discussion has taken place in the newspapers and over the air within the last several days about the closing of a $41 million national bank in San Francisco. I have before me a newspaper clipping of Saturday, January 30, which states that the U.S. Government, through the Federal Deposit Insurance Corporation, has begun sending out $10,000 checks, reflecting the guarantee that the Federal Deposit Insurance Corporation made against losses that might be suffered by depositors. The article further states that the payoffs to depositors are being conducted by the Federal Deposit Insurance Corporation, which was appointed receiver of the bank after Comptroller of the Currency James J. Saxon declared the bank insolvent.

Approximately 2 weeks have passed since the bank was closed. As of this time, there is no clear indication of what the cost of the collapse of the institution was.

We might look upon this closing as an isolated incident. We might say that we should approach it only from the standpoint of the possible mismanagement of the San Francisco national bank. I put the question to the Senate: When a $41 million bank closes, in the face of the responsibility of the Comptroller of the Currency to know what is going on in our banking institutions, and in the face of the guarantee that the Federal Deposit Insurance Corporation issues on bank deposits, can we afford to allow this closing to be treated as an isolated instance? Or, in the interest of the safety of depositors in all other banking institutions, has the time come to make a general study of what is happening with respect to credits, the competition to find borrowers, and the competition to find depositors by increasing the rates of interest paid depositors?

In my experience as a public official, as a consequence of deep grief and pain when I was Governor, I learned to know that when a red signal appears—a menacing sign—one should not go by it without stopping and looking to see what the ramifications indicated by the red signal might be.

I stated a moment ago that to my deep grief and pain as Governor I went by a red signal on one occasion, thinking it unimportant. Subsequently, I learned that it foreboded trouble of so grave a character that I resolved never again to go by a red signal without checking carefully to ascertain what had happened.

Before the closing of the bank in San Francisco, I had been concerned about the problem. I had been concerned about it because I had the misfortune, back in 1932, while I was a judge, to become a director of a bank about a year before its doors were closed. My name was used to procure depositors. Then came that fateful day in March 1933, when it was declared necessary to shut the doors of every bank in the country. Later, when the bank with which I was connected was examined, and we tried to ascertain what Government bonds we had and what cash we had to pay our depositors, it was found that the liquid assets were practically negligible.

Following an incident about 3 months ago, I inquired about the liquidity of a certain bank. The disclosure was that in 1954 that particular institution had Government bonds and cash in an amount equal to about 67 percent of its total assets. I wish to repeat that: In 1954, its assets were 67 percent in the form of cash and Government bonds; 33 percent were in the form of mortgages and notes. Ten years later, the same institution has 67 percent of its assets in mortgages, notes, and buildings, and 33 percent in cash and Government bonds.

Following this disclosure, I made calls to one of the agencies of the Government that is pertinently connected with the problem. I expressed to the representative of the Government my apprehension of this complete reversal in the character of the holdings of assets. I made the statement: "Several months ago, Mr. William McChesney Martin, speaking in Florida before the American Bankers Association, issued a warning to the bankers:

"'Be careful about your investments. You are growing reckless,' he said in substance."

He said: "Be certain that you keep yourself in a state of liquidity that will enable you to meet whatever problems might arise."

I told this particular individual, high in Government responsibility, what Mr. McChesney Martin had said. His answer was, "I do not agree with him." I might as well identify the name of the second man. The second man was a principal assistant to Mr. Saxton, the Comptroller of the Currency.

Thus, on the one hand, we had McChesney Martin, the Chairman of the Federal Reserve Bank, Board of Governors warning about the need of caution in the operation of the banks, and on the other hand, the Comptroller of the Currency saying that he did not agree with

what Mr. McChesney Martin had said about loosness developing in the management of national banks.

I laid the thing aside. I felt that there was no reason for me to become excited, although intuitively I had a feeling that the bankers—who in this period of abundance when all financial institutions are making money—had forgotten all of the lessons that were learned out of the calamity of 1933.

When I learned of the closing of the San Francisco national bank, a contact was made with Mr. Joseph W. Barr. He is the Chairman of the Federal Deposit Insurance Corporation. He and his principal assistant came to my office last Wednesday, January 27.

When I spoke to Mr. Barr on the telephone before he came to my office, I said to him, "I am getting concerned, especially in view of this $41 million bank closing its doors, and about the great reversal in the last 10 years of the holdings of the banks in cash and Government bonds on the one hand, and mortgage notes, other securities, and real property on the other."

Mr. Barr brought a tabulation to my office. I shall discuss this tabulation in a moment. It shows the holdings and assets in all of the banks covered by the Federal Deposit Insurance Corporation from 1954 to 1964. The tabulation shows that in 1954, all of the banks in the United States covered by the Federal Deposit Insurance Corporation, which includes both National and State banks, but not building and loan associations, had in their portfolio 52.8 percent in cash and Government bonds. That sum of 52.8 percent, held in 1954, has fallen to 32 percent in 1964. Thus, in 1964, all of the banks in the country have 32 percent of their assets in what we call liquid form, and 68 percent in the other category.

From 1954 down to this date, there has been a complete reversal in the character of assets held by the banks. From liquidity, in my opinion, if they have not already passed into a state of illiquidity, they are pretty close to it.

Since I received the paper from Mr. Barr, he sent me another document. It came in the mail today. This document shows how the assets in our banks were held in 1932. The banks were closed in March 1933. This document shows the status of the portfolio of all the banks in 1932.

The record shows that in 1932, 25 percent of the assets was in cash and Government funds, and 75 percent was in mortgages, notes, real estate, and other securities.

Today, 32 percent of their assets is in notes and Government bonds. The percentage is going down all the time.

Mr. President, a book entitled "Money, Credit, and Banks" was published in 1938. The author of that book, Mr. Westerfield, made a complete study of the bank failures of 1932.

This is what Mr. Westerfield said:

One flimsy excuse or explanation offered by the bankers and readily swallowed by their victimized customers and shareholders is that the banks failed because of the severe depression in agricultural States or because of the marked contraction of values of securities or real estate. It is an intolerable situation that banks should fail and communities be wrecked every time business conditions change. If banks cannot anticipate such changes and adjust their portfolios so as to meet and not be wrecked by them, there is something basically wrong with the system that allows such bankers to operate banks, or that prevents them from operating soundly, or both.

Our banks should be a stabilizing force, a source of succor in financial storm. It is a sorry fact that the failure rate of banks has recently exceeded the failure rate of commercial and industrial institutions, and that while these rates are increasing with every major business depression, the disparity is becoming wider. The rates as calculated by Dun's show that prior to 1921 the bank failure rate ruled lower than the commercial failure rate, whereas after 1921 the reverse was true; that while the prewar (1892–1913) commercial failure rate was almost identical with the postwar (1921–30) rate, the bank failure rate jumped threefold. The bank failure rate leapt forward even faster both absolutely and relatively, between 1930 and 1933. Quite obviously, our banks have been dragging down rather than supporting our commercial institutions, and this propensity has been increasing.

Mr. Westerfield went on further to say:

Every village wanted not one bank only but two or more which would compete in service to the community. The response to this demand was facilitated by the ease of starting a bank: charters could be got freely under the general corporation or bank law; the State pushed the establishment of State banks and the Federal Government the national banks; and if the Comptroller of the Currency tightened terms of admission, the State banking department yielded readily, especially when politicians applied; the extent to which the public convenience, necessity, or advantage would be served was given slight attention. The capitalization required was low and it was possible for the subscriber to borrow more of it, if necessary, on the security of the subscribed shares themselves. It was not thought that a banker needed much brains, training, or experience. As a consequence of these conditions, banks multiplied to 30,033 in 1920, or 1 bank for every 3,500 people in the United States as a whole or for every 725 people in North Dakota, the region of greatest density.

The results of this excessive multiplication of banks are legion and profound. Dividing the country's capital among too many banks reduces the average capital per bank to a figure that inadequately protects creditors. Starting banks as speculations on too thin capital, often mostly borrowed, sacrifices the conservatism and stability necessary to sound credit. The total deposits of the community are divided among so many banks that it becomes quite impossible for all of the banks to earn a livelihood. Competition runs keen and forces the banks to pay too high rates for deposits and to supply expensive free services. Out of a spirit of megalomania or ostentation a competition in bank buildings develops, loading the bank with high overhead and sinking undue proportions of its assets in fixed form earning little revenue. Every bank must be fully staffed, but the low earnings and small scale and easy entrance into the business usually mean that the official staff is mediocre in capacity. In order to make ends meet the bank is forced to ask high discount rates, and regions like Dakota or Oklahoma, despite their unwarrantable number of competing banks, pay crippling rates of 8 or 10 percent universally. If the bank operates at a loss, it is the worst possible type of competitor and drags the others to its plane. The small bank places untoward proportions of its assets in local loans and mortgages and securities, first, because it can get higher rates on these than on paper and securities from the metropolitan market, second, because borrowers shop around and place their account at the most accommodating bank and deposits are the sine qua non of banking, and third, because it feels a heavy social pressure to serve the local community, that is, to loan freely to local applicants and not let the money leave the community. The portfolios of loans and investments thus lack diversification as to area, industry, and type, and the fortune of the bank is hung on the one crop or industry of the town. In the newer, rapidly growing sections the banker feels an irresistible urge to speculate, not only with his own private money but with that of his bank, for he is sanguine of the possibilities of his town becoming a second Chicago; he lends funds on real estate projects of high speculative character, or on oil, coal, or other schemes for opening up the resources and developing the area; this urge is fanned and supported by local businessmen and visionary promoters (who generally want funds) until he feels a sense of duty exceeding the obligation felt toward depositors. The banker and applicant are too intimate, and loans, as a consequence, are granted on the basis of sentimentalities rather than coldblooded credit analysis.

Mr. Westerfield further said:

Many of the leading banks established security affiliates to handle investment operations which the banks felt were unfit for themselves to undertake directly. In the latter years of the decade, affiliates of other types were erected and closely tied under the aegis of the bank, such as investment trusts, financing companies, foreign and international banking houses, land banks, speculative pools, holding companies, and realty companies. The Bank of the United States in New York City, which failed in 1931, had over 60 such affiliates, with most involved connections. The bank was likely to be loaded with affiliates, its assets purloined to benefit a subsidiary, its officers and directors biased in their judgments by adverse interests in affiliates, and its credit wrecked by publicity of sharp deals or by known support of weak securities in which the outfit was interested, and its business became too heavily involved in investment-bank affairs. The fact that most of these affiliates were not banks exempted them from supervision by the Comptroller of the Currency or State banking department and made them a handy means of doing things foreign to good banking.

In addition to the adverse reaction of chronic agricultural depression in the 1920's and of general business depression in 1920–21 and 1930–33, the values of securities were driven down by the efforts of banks to meet runs and by the efforts of bank receivers to salvage what they could for needy depositors. The conversion of securities into cash for these purposes flooded the markets. A vicious circle developed, for the decline in values created apprehensions in the depositor's mind as to the safety of the bank and his demand forced further liquidation of securities. In order to avoid loss the banker sacrificed his best securities first, for they had declined least in value, with the result that the decline became general and that the losses were accelerated as the depression and failures proceeded. Sooner or later the banks with the weakest portfolios were sure to succumb.

Mr. President, I also ask unanimous consent to include in the RECORD tables showing the changes in the portfolios, as carried, 1954 and 1964.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

*All insured banks, percentages of total assets*

| | June 30— | |
|---|---|---|
| | 1964 | 1954 |
| Cash and balances with banks | 14.7 | 20.0 |
| U.S. Government obligations | 17.3 | 32.8 |
| Subtotal | 32.0 | 52.8 |
| Loans and discounts | 54.2 | 37.1 |
| Other securities | 11.2 | 8.7 |
| Other | 2.6 | 1.4 |
| Total | 100.0 | 100.0 |

*Assets of all banks in the United States (States and other areas), June 30, 1932*

| | Amount | Distribution |
|---|---|---|
| | *Billions* | *Percent* |
| Cash and balances with banks | $7.4 | 12.9 |
| U.S. Government obligations | 6.9 | 12.1 |
| Subtotal | 14.3 | 25.0 |
| Loans and discounts | 28.1 | 49.0 |
| Other securities | 11.5 | 20.1 |
| Other | 3.4 | 5.9 |
| Total | 57.3 | 100.0 |

Source: Federal Deposit Insurance Corporation, Division of Research and Statistics, Jan. 28, 1965.

*All insured banks, June 30, 1964*

[Amounts in billions]

| | |
|---|---|
| Total assets | $366.1 |
| Cash and balances with banks | 53.8 |
| U.S. Government obligations | 63.3 |
| Loans and discounts, net | 198.5 |
| Bank premises, furniture, fixtures, real estate | 4.9 |
| Other securities | 41.1 |
| Miscellaneous assets | 4.5 |

Mr. LAUSCHE. Now I come to the main purpose of my making this talk today.

I send to the desk a resolution which resolves that the Committee on Banking and Currency or any duly authorized subcommittee thereof is authorized under section 13(4)(a) and 13(6) of the Legislative Reorganization Act of 1946, as amended, to make a study of the banking situation as it prevails with respect particularly to the adequacy of the inspections that are being made by the Comptroller of the Currency and by the Federal Deposit Insurance Corporation.

I want to relate to another matter in suport of what I am proposing. I asked Mr. Barr, the head of the Federal Deposit Insurance Corporation how it was that he did not know of the weak condition of the bank in San Francisco. I said, "Mr. Barr, you are the head of the insuror. Why did you not know this $41-million institution was on wobbly legs?" His answer was, my colleagues, that we should ask Mr. Saxon to see the financial reports on the different banks, the deposits of which his Corporation insures. Mr. Saxon said, "I will not let you see my examinations unless you pay me $100 for a transcript of the report."

Senators, I think you had better shake your heads a little on that proposition. The head of the Federal Deposit Insurance Corporation told the Comptroller, "You can see the reports of the different banks, the deposits of which are insured." Mr. Saxon's answer was, "I will not let you see them unless you pay me $100 for each report I submit."

So we have a situation where the Federal Deposit Insurance Corporation, with its obligations covering 14,000 banks, has no knowledge of what is going on within those banks.

The resolution I have submitted calls upon the Banking and Currency Committee to make a study to determine whether Federal requirements applicable to the chartering of new banks need tightening or not.

Second. The extent to which there has been progressive decline in the percentage of liquid assets held by national banks contrary to sound banking practices.

Third. Whether Federal requirements with respect to capitalization of national banks is adequate.

Fourth. The extent to which sound credit policies have been relaxed by national banks in order to meet competitive pressures or practices.

Fifth. Whether any national banks are using affiliates or other devices as a means of speculation.

Sixth. The extent to which the Federal Deposit Insurance Corporation has access to all pertinent data necessary to the effective discharge of its functions.

If all is well, it will be a good message to the depositors in our banking institutions, and to the banking officials. If there are weaknesses in the structure or in the law on the practices which are being followed, we can tighten them before calamity occurs.

I send the resolution to the desk. I ask that it be printed and placed in the RECORD. My hopes are we will awaken to the gravity of the situation which I have discussed today. I hesitated discussing it, but I finally became convinced that it is better to talk about it now than to grieve later that I had not talked about it.

The PRESIDING OFFICER. The resolution will be received and appropriately referred, and will be printed in the RECORD.

Senate Resolution 78 was received and appropriately referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

*Resolved*, That the Committee on Banking and Currency, or any duly authorized subcommittee thereof, is authorized under sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdiction specified by rule XXV of the Standing Rules of the Senate, to make a full and complete study of existing practices with respect to the chartering of national banks, existing credit and other operating policies of such banks, and the circumstances under which recent bank failures have occurred with a view to determining what if any measures are needed to strengthen our national banking system. Such study shall include, but shall not be limited to, an inquiry into the following matters:

(1) Whether Federal requirements applicable to the chartering of new banks need tightening in the public interest and in order to prevent destructive competition among financial institutions;

(2) The extent to which there has been a progressive decline in the percentage of liquid assets held by national banks contrary to sound banking practices;

(3) Whether Federal requirements with respect to the capitalization of national banks are adequate;

(4) The extent to which sound credit policies have been relaxed by national banks in order to meet competitive pressures or otherwise;

(5) Whether any national banks are using affiliates or other devices as a means of speculation; and

(6) The extent to which the Federal Deposit Insurance Corporation has access to all pertinent data necessary to the effective discharge of its functions.

SEC. 2. For the purposes of this resolution, the committee, through January 31, 1966, is authorized to (1) make such expenditures as it deems advisable; (2) employ upon a temporary basis, technical, clerical, and other assistants and consultants: *Provided*, That the minority is authorized at its discretion to select one person for appointment, and the person so selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than $1,200 than the highest gross rate paid to any other employee; and (3) with the prior consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

SEC. 3. The committee shall report its findings upon the study and investigation authorized by this resolution, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than January 31, 1966.

SEC. 4. Expenses of the committee, under this resolution, which shall not exceed $ , shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

## INTERNATIONAL COFFEE AGREEMENT

The Senate resumed the consideration of the bill (S. 701) to carry out the obligations of the United States under the International Coffee Agreement, 1963, signed at New York on September 28, 1962, and for other purposes.

Mr. MORTON. Mr. President, I understand that the yeas and nays have been ordered on the pending legislation.

The PRESIDING OFFICER. The Senator is correct.

Mr. MORTON. Has the third reading been had?

The PRESIDING OFFICER. Not yet. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

Mr. MORTON. Mr. President, before suggesting the absence of a quorum, I should like to have the attachés notify Members of the Senate that this quorum call is prior to a vote on the passage of the pending legislation.

I now suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McNAMARA. Mr. President, I read from Report No. 53, dealing with the International Coffee Agreement, on page 2, the second paragraph:

> Coffee is the single most important agricultural commodity in the trade of most of the developing countries, particularly in Latin America. Coffee exports account for more than 50 percent of all exports in six Latin American countries and an average of 25 percent in all the 14 Latin American exporting nations. Seven new African countries receive from 30 to 50 percent of their foreign exchange earnings from coffee. About 20 million persons in the world depend on coffee for their livelihood; more than 60 percent of them are in Latin America. The overwhelming majority are small farmers cultivating less than 5 acres of land. In a very real sense, therefore, coffee is the lifeblood of the developing nations of the world.

Mr. President, it is with much regret that I find I am unable—again—to vote for the bill to implement the International Coffee Agreement of 1963.

Last July, when this matter was first before us, I detailed at some length the reasons for my opposition both to the original agreement, which I voted against, and to the implementing legislation.

Basically, I was opposed to this program because it would, in effect, become a regressive tax, falling most heavily upon low- and middle-income families. Further, I expressed grave doubts at the wisdom of our country's becoming the enforcing arm of a worldwide cartel, whose purpose was to put a floor, or minimum price under coffee—without the protection of a maximum price, or ceiling.

The proposed legislation now before the Senate has been changed in some slight respects, but not enough to overcome my basic objections. Further, the duration of the implementing legislation has been extended from October 1965, to October 1968, to cover the entire life of the International Coffee Agreement.

I am aware of the fact that the procedure by which this implementing legislation could be terminated has been simplified over the cumbersome method proposed last year. Under this bill, the Congress—by concurrent resolution of both Houses—could terminate the implementing legislation by declaring that there had been an unwarranted increase in the price of coffee—without having to prove that the agreement was responsible for the increase.

But I realize, also, as a practical matter, that the price increase would have to be very steep—and amount to several cents per pound—before such action would be taken.

When we consider that a 1-cent increase in the retail price of coffee costs the American consumer $32.5 million a year—consumers would be penalized hundreds of millions of dollars before remedial action was taken.

And so, because the International Coffee Agreement, in my mind, constitutes an international price-fixing cartel—and because it establishes a dangerous precedent that will almost certainly result in extending this principle to such other commodities as tea, cocoa, soybeans, and other products—I will reluctantly vote against the pending bill.

I support the Alliance for Progress and aid to the developing countries but not at the expense of the coffee consumers of the United States.

Mr. FONG. Mr. President, as I am for full participation by the United States in the International Coffee Agreement, I am in favor of S. 701.

I supported the ratification of the International Coffee Agreement of 1962 because I believed that it would bring some stability to the very disorderly world coffee market, strengthen the Alliance for Progress, and also benefit our own consumers by stopping extreme prices. World coffee prices fluctuate widely. They were as low as 7 cents a pound for green coffee in 1938, over 90 cents in 1954, and 34 cents in 1962 and 1963.

In 1963, I testified before the Senate Foreign Relations Committee in favor of the agreement as I believed that the agreement would benefit producing and consuming coffee countries and also my State. Hawaii is the only coffee State in the Union. Its coffee industry is absolutely dependent on world market prices, so that as world coffee prices go, so goes the price of Hawaii's Kona coffee.

Without the agreement, I am afraid that the price of coffee will continue to be erratic and may force many of our farmers out of business. The advent of the agreement offers considerable promise for our local coffee industry. While stabilizing the price of coffee may not have the effect of expanding our coffee industry, at least it will prevent it from declining.

It will also give us an opportunity to make needed improvements in our industry, which will again put it on a sound economic basis.

In the 1964 session in this Chamber, I supported the enactment of H.R. 8864, which was designed to implement the International Coffee Agreement of 1962, on the assurances of the Secretary of State that its goal was to stablize at a level no lower than the general level of coffee prices in 1962, and with the firm belief that its amendment as proposed by the Senator from Illinois [Mr. DIRKSEN] had adequate safeguards to protect the American consumers. The Senate did pass this implementing bill, but the Congress adjourned before the House completed action on the final compromise legislation.

Last week, before the Senate Finance Committee, I again supported S. 701, the pending bill to implement U.S. participation in the International Coffee Agreement of 1962, stating similar reasons.

There is no question that in stabilizing the price of coffee we must also protect our consumers against unreasonable price rises. Unreasonably high prices are not only bad for the consumers of America and my State, but also bad for the coffee producers as well, for in the long run unreasonably high prices will result in a coffee consumption decrease.

I am convinced that both the agreement and S. 701 contain adequate safeguards to protect the consumer against price gouging, and these safeguards will be used if need be, because clearly this is the sense of the Senate. The Honorable George W. Ball, Under Secretary of State, before the Senate Finance Committee January 27, on S. 701 to implement the International Coffee Agreement, stated:

> The legislation now makes clear, in both sections 5 and 6, that protection of U.S. consumer interests should be a primary consideration in our participation in the agreement.

Moreover, there is no hampering of our coffee trade. Under the agreement, we can import as much coffee as we like. There are no import quotas. Our main obligations, as spelled out in the implementing bill, are to require certificates of origin on coffee entering the United States and to limit imports from nonmembers if this should be necessary to prevent them from glutting the market while members are exercising restraint.

The United States was instrumental in the steps leading to the creation of the International Coffee Agreement under the United Nations in the summer of 1962. To stabilize coffee prices and promote more orderly marketings, the International Coffee Study Group was first formed in June 1958. In 1961–62, it began to study the possibility of negotiations for a long-term coffee agreement embracing both producers and consumers.

Yet today, among the 18 importing countries which have joined the agreement, the United States is the only one which has failed to undertake its obligations under the terms of the treaty. Why? This may be attributed to an unexpected rise in price. Around October 1, 1963, prices for Brazil's Santos coffee began an upward movement. By March, 1964, New York spot prices for Santos 4 averaged nearly 50 cents per pound green. In August 1963, wholesale prices for Santos 4 on the New York market were averaging 32.7 cents per pound—the lowest level since 1949.

Higher coffee prices began to reach the consumer around the first part of 1964. Retail prices for roasted coffee in 1-pound cans, as reported by the Bureau of Labor Statistics, rose from an average of 69.7 cents in October 1963 to 71.7 cents in January 1964, and to 78.9 cents in March. By April, the average retail price had risen to 81.1 cents. By August, it was 84.4 cents. In December 1964 the price was 84.8 cents. American housewives became concerned about the prices. Many Senators had suspicion and fear about the coffee agreement. Some blamed the agreement for the unexpected rise in price, becoming dubious about the wisdom of passing the implementation legislation.

A proper perspective of the world coffee price situation should be understood.

Brazil is still by far the world's leading producer and exporter of coffee, even though its share of world output has declined from 65 percent during the late 1920's to an average of 46 percent for the 5 years ending 1963-64. World coffee prices tend to respond dramatically to unexpected developments in Brazil's coffee situation.

The agreement did not cause the increase in coffee retail prices. It was frost in Brazil in August 1963, coupled with the worst drought of the century in that country. This combination of natural calamities to Brazilian coffee was so severe that the world coffee traders rushed to stock up coffee in the market. By the end of 1963, inventories reached an all-time high in the United States. This bidding for future coffee crops pushed the price of coffee up; and, as it happens with other commodities, the price of future crops eventually was reflected in the retail price.

To check this rise in retail price, the International Coffee Council voted to increase export quotas by adding 2,500,000 more bags on the market in February 1964. Larger export quotas would mean greater supplies. This responsible action in fact helped to bring some stability to coffee prices. Brazilian coffee—Santos 4—which rose to a monthly average of 49.85 cents per pound green in March 1964, dropped to 48.60 cents in April. By December 1964, the monthly average was 45.18 cents per pound green.

By contrast, in 1954 when there was a frost in Brazil, green coffee prices zoomed from 58 cents to over 90 cents per pound. There was no coffee agreement then to assume responsible behavior by the producing countries.

The Bureau of Labor Statistics reports that the average price the American housewives paid for coffee over the past 15 years is 86.6 cents a pound can roasted. The average for U.S. retail, 1-pound can for 1963 was 69.4 cents, and for 1964, 81.8 cents. These prices are well under the 15-year average. So is today's price of 79 cents to 80 cents a pound. Supermarkets in the Washington area at the present time are retailing the leading top-quality coffee at 79 cents for a 1-pound can.

According to the Bureau of Labor Statistics, in 1951, an American factory worker with three children received an average take-home pay of $60.18. In 1963, when the worker's wife was paying 17.4 cents less per pound of coffee than in 1951, the worker's average take-home pay had risen to $87.30 a week.

To clear any misconception, the agreement is not an international cartel. Webster defines cartel as:

> An association of private business organizations bound by contract to cooperate in regulating production and marketing of products, thus tending to restrict world markets and fix prices.

The International Coffee Agreement is a treaty in which the producing countries and the consuming countries came together to discuss, deliberate, debate openly the issues pertaining to coffee production and marketing. In the United States, there is complete understanding and cooperation between the Departments of State and Agriculture on the one side, and private industry on the other, concerning the purpose and implementation of the agreement. It is a fine example of joint undertaking of Government and industry working at its best on a foreign commodity.

I cannot emphasize more the economic importance of coffee in the two-way trade between the United States and our friends in Latin America.

In Latin America, coffee is king. It accounts for more than 50 percent of export earnings for 6 Latin countries and 25 percent on the average for the 14 Latin coffee countries. A 1-cent change in green coffee prices means about $50 million to Latin America and more than $65 million to producing countries as a whole. Coffee prices affect exchange earnings, government tax receipts, private investment, and the level of economic activity generally. Gyrating prices make orderly growth and development impossible. When earnings decline, these countries curtail their purchases in the U.S. market.

To Latin America, what we do to help them stabilize the coffee market is of the first importance. They wish to have steady earnings that grow as consumption grows. They wish to earn their way in trade and not depend so heavily on aid. The coffee agreement is a cardinal element of the Alliance for Progress, as first proposed by President Kennedy and as reaffirmed by President Johnson. Failure to pass this implementing legislation would be a most damaging blow to our relations with the developing countries and to the Alliance for Progress program in particular.

Let us give the International Coffee Agreement an opportunity to operate, an opportunity to be effective. Let us provide the authority so that the United States can carry out its obligations under the agreement of 1962. This agreement is only effective for the period up to October 1, 1968, or until Congress, by concurrent resolution, determines that an unwarranted increase in the price of coffee has occurred. These provisions are certainly sufficient to safeguard the American consumer from being gouged with high prices on their coffee.

I therefore urge all Senators to give the agreement an opportunity to work by passing S. 701.

Mr. MANSFIELD. Mr. President, the International Coffee Agreement of 1963 was ratified by the United States with the advice and consent of the Senate which was given on May 21, 1963. Yet the Nation is in the ambiguous circumstance of having already filed the instrument of ratification—December 27, 1963—but without having passed the enabling legislation which would give meaning to our participation. As Senators will recall, the enabling bill died in conference after having passed the Senate by a vote of 58 to 27—July 31, 1964. Nevertheless, the seal of the United States is on the Coffee Treaty and, in all good faith, it is now necessary for the Congress to try once again to pass the enabling legislation to allow the United States to meet its obligation as a full participant in the agreement.

Argument was heard during debate on the floor of the Senate that implementation of the coffee agreement would raise the price of coffee to the American consumer. The evidence shows, however, that during the first year the agreement was in operation the price of coffee remained stable. Opposition to the agreement has noted that the price of coffee rose during the second year of the agreement. But all the evidence points to the cause of the price rise as stemming from the great fires in Paraná and the drought in Sao Paulo, which destroyed approximately two-thirds of the Brazilian coffee crop. Moreover, surpluses which existed at that time from previous years had no effect on the American market which strongly prefers coffee made from Brazil greens, or fresh beans. Even at that, the average price of coffee during 1964 was somewhat less than the average price of the previous 15 years during which time no coffee agreement was in effect. Prices now are lower than that average.

I quote from an article written by Virginia Prewett, published in yesterday's Washington Daily News, as follows:

> Opposition to the coffee legislation arises from vague congressional fears that it will somehow victimize the American housewife by pushing up coffee prices.
>
> These fears crystallized last year when the loss of two-thirds of Brazil's normal crop did raise coffee prices.
>
> Proof that the short Brazilian crop was responsible for the rise is found in the fact that a more normal supply has brought coffee prices to the housewife down from 1964's high average of 84.5 cents a pound a few months ago to 79 cents or 80 cents a pound now.

Mr. President, so long as the price of coffee remains seriously unstable, and so long as the price of American exports to Latin America increases, our Latin American partners will remain at a trading disadvantage and economic development will be curtailed. Until this enabling legislation is passed, the danger of severe economic instability will continue to plague Latin America and curtail the effect of U.S. assistance under the Alliance for Progress.

Reference to many of these and other compelling factors which make passage of the enabling legislation so essential was made in an outstanding and cogent article written by Virginia Prewett, and published in the Washington Daily News of February 1, 1965, from which I quoted a moment ago. It is an exceptionally well-informed and pointed treatment of the problem.

Mr. President, I ask unanimous consent to have this article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

COFFEE TRADE ESSENTIAL TO ALLIANCE

(By Virginia Prewett)

> Congress must fish or cut bait soon on legislation that will implement the world coffee pact.
>
> Congress has approved the pact but balked at creating U.S. machinery to enforce it by monitoring the movement of coffee into the American market.
>
> Seventeen of the twenty Latin American Republics export coffee. It has life-and-death importance in the economies of Brazil, Colombia, Costa Rica, Nicaragua, Honduras, El Salvador, and Haiti, well over half of all Latin Americans.
>
> Opposition to the coffee legislation arises from vague congressional fears that it will somehow victimize the American housewife by pushing up coffee prices.

These fears crystallized last year when the loss of two-thirds of Brazil's normal crop did raise coffee prices.

Proof that the short Brazilian crop was responsible for the rise is found in the fact that a more normal supply has brought coffee prices to the housewife down from 1964's high average of 84.5 cents a pound a few months ago to 79 or 80 cents a pound now.

Latin Americans ask if the United States can expect to continue to buy their coffee at depressed prices while U.S. family earnings and the cost of U.S. exports to Latin America are rising.

These are the facts and figures:

Bureau of Labor Statistics says the average price the U.S. housewife paid for coffee over the past 15 years is 86 cents a pound. The 1963 price of 69.4 cents a pound, taken as normal by the foes of pending coffee legislation, was actually the lowest in 14 years.

Even the 1964 high caused by loss of two-thirds of the Brazilian crop was still only 84.9 cents a pound, well under the 15-year average. So is today's price of 79 to 80 cents a pound, which the coffee producers want stabilized.

In 1951, an American factory worker with three children received an average take-home pay of $60.18 a week. In 1963, when the worker's wife was paying 17.4 cents less per pound of coffee than in 1951, the worker's average take-home pay had risen to $87.30 a week.

Another example reveals the heart of the Latin American arguments for coffee price stabilization: In 1958, it took 2,800 bags of Santos 4 coffee, the most usual Brazilian export, to buy 1 diesel locomotive from the United States. In July 1963 it took 3,377 bags.

U.S. exports have gone up 40 percent, while coffee prices have sagged.

Mr. HRUSKA. Mr. President, the bill before the Senate, S. 701, is entitled, "A bill to carry out the obligation of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes."

That is a long-winded title but not particularly helpful in explaining the real purpose of this bill. I can think of a better title. In my opinion, the bill should be called "A bill to raise the price of coffee." That is the sum and substance of this legislation.

The means of attaining this objective are not direct. They are indirect and roundabout. Ostensibly, all we are asked to do is to grant certain authority to the executive branch in the regulation of coffee imports. However, these regulations would be simply for the purpose of raising the price of coffee.

The basic principle of the International Coffee Agreement can be described in simple terms. Essentially, it is an arrangement to control the price of coffee throughout the world, by limiting the quantities that will be permitted to be sold. Under this agreement, the countries that produce the coffee and ship it abroad accept quotas on their exports; that is, limits on the quantity of coffee that each may ship and sell to other countries—but, of course, by doing so, these exporting countries receive higher prices and, thus, more money for less coffee.

It is the well-known old principle of pushing up the price by restricting the supply on the market.

If such a thing were done domestically, we would call it a monopoly or trust or restraint of trade and vigorously prosecute those involved under the antitrust law. In this case, governments have lent the sanction of law and thus the color of respectability to it.

Now, what is involved? Who will pay the cost of this scheme? The consuming countries, of course. And although there are other countries which import coffee, the United States is the most seriously affected by far. Actually, this country each year consumes more than half of all the coffee exported throughout the world. We import over 3 billion pounds of coffee a year. We drink 450 million cups a day. That is equal to 2½ cups per day for every man, woman, and child in the United States.

The excellent minority report pointed out that for every 1-cent rise in the price of coffee, the American consumer must pay an additional $32½ million a year for the coffee he drinks. In the 13 months that we have been party to the agreement, there has been a $0.15 rise in the price of coffee. At this rate, the coffee agreement is already taking from our consumers more than $487 million a year.

Mr. President, is it not a strange thing that this administration which continually tells us of its interest in the consumer is willing to impose this extra cost on the American housewife? In his Economic Report issued a few days ago, President Johnson specifically pointed out his sympathy for the problems of the consumer. He said:

Informed consumer choice among increasingly varied and complex products requires frank, honest information concerning quantity, quality, and prices. Truth in packaging will help to protect consumers against product misrepresentation. Truth in lending will help consumers more easily to compare the costs of alternative credit sources.

Now we are asked to pass this bill to tax the American housewife $0.15 on every pound of coffee she buys. If consumers are to be protected against product misrepresentation through what has been called the truth-in-packaging bill, it is suggested that we should also require every can of coffee in the grocery store to carry this announcement in large print, "The price of this coffee has been increased $0.15 a pound by President Johnson's International Coffee Agreement."

Defenders of the treaty do not like to speak of increasing the price of coffee, of course. They like to refer to the agreement as "stabilizing" the price of coffee. That is their favorite word, "stabilize."

Unfortunately, the term of the agreement with coffee producing nations and the testimony at the hearing do not support that argument. Article 27, paragraph (1), of the agreement states, in part:

The members * * * agree on the desirability of operating the agreement in a manner such that the real income derived from the export of coffee could be progressively increased so as to make it consonant with their needs for foreign exchange to support their programs for social and economic progress.

Then, in paragraph (2) of article 27, the agreement states:

The members agree on the necessity of assuring that the general level of coffee prices does not decline below the general level of such prices in 1962.

In other words, the agreement sets a floor, but not a ceiling on coffee prices. There is a bland statement of platitudes in article 1 of the agreement, which refers to "equitable prices," but nowhere in the treaty is there any definition of that term, and there are no provisions to carry out that objective.

Our experience under the agreement has already shown us what to expect. On May 21, 1963, the Senate gave its advice and consent to the treaty. Our instrument of ratification of the treaty was deposited in December of 1963. Immediately, the price of coffee started to climb. Making comparison on the basis of the wholesale price of Santos 4's, the most commonly quoted type of Brazilian coffee, for the full year 1963, the average price was 34.11 cents per pound. The price of coffee had advanced just slightly during the last months of 1963 and averaged 37.45 cents per pound in December.

But, after the U.S. ratification of the treaty was made formal, in January the price averaged 44.83 cents, a gain of a full 20 percent in a single month. Then in February and March it went up some more, reaching a high of about 51 cents at one time in March. It has now receded slightly, but not very much.

The retail price of coffee had to go up correspondingly, of course. All during 1963, the average retail price of coffee in 1-pound cans, as reported by the Bureau of Labor Statistics, stayed a shade under $0.70. In 1964, it advanced rapidly, and for the past 6 months has been approximately $0.85.

Supposedly, there were built-in safeguards to protect the consuming countries from this kind of price gouging. Supposedly, our representation in the International Coffee Council, which has its headquarters in London, would permit us to stop prices from skyrocketing. The majority report of the Finance Committee states:

The interests of the United States are protected by the fact that it will hold a minimum of 400 votes out of the total of 1,000 consumer votes in the International Coffee Council, the governing body of the agreement, and will also be a member of the executive board. Since practically all important decisions, such as the adoption of the budget, establishment of the quotas, or the production control program, require a two-thirds vote of the consumers and producers voting separately, the United States holds sufficient votes to prevent actions which might be considered adverse to our policy interests, to our business community, or to the American consumer.

Despite these assurances, we have found that our voting strength will not protect us. At this point, it is worth quoting from the minority views on the bill, as follows:

Although the United States consumes one-half of the coffee used in the entire world, when it comes to changing quotas to effect some reduction in price, we have only one-

fifth of the votes. More importantly, we must persuade two-thirds of the producing nations to absorb the financial loss involved if prices should be reduced.

Our first effort to increase quotas under the coffee agreement was a dismal failure. Our next effort, which occurred after Congress threatened not to approve the implementing legislation (rather than as a result of persuasion), did result in increased coffee quotas, but the increase was not sufficient to halt the upward thrust of retail coffee prices.

We call attention to the fact that a 500,000-bag increase in the quota for 1965, which was scheduled to occur on January 8, failed to go into effect, and now we are under substantial pressure by exporting countries to reduce the 1965 quota by about 2 million bags. The Council has not yet acted to reduce the quotas, possibly because of the pending vote in the Senate on this very bill.

As we have already emphasized in these views, we must expect coffee prices to move upward to still higher levels if the threat of congressional disapproval of this implementing legislation is removed.

What does this particular bill do? It does two major things. It provides that we may require certificates as to country of origin for all coffee imported here. Second, it provides that we may limit, reduce, or stop altogether any imports of coffee from countries which have not adhered to the International Coffee Agreement.

The purpose of these two powers is to enable us to help to enforce its control over the world coffee market by the International Coffee Organization. They have no other purpose. When quotas had been set, we would help to enforce the quotas—whether we agreed with them or not—by rejecting coffee imports from any country that might secede from the International Coffee Organization, or from any individual producer in a member country who might try to ship us coffee without securing an export license or certificate from his own government. In effect, the United States would become an enforcing arm of a world coffee cartel, devoted to raising the price of coffee and keeping it high. And since we are by far the largest importing country, we would be the chief enforcing arm of the cartel. That is what this bill provides.

When the agreement itself was before the Senate Foreign Relations Committee for consideration, the Senator from Arkansas [Mr. FULBRIGHT] said very candidly:

It seems to me that to make an argument that this agreement is in the interest of the consumers is something less than frank. It is really in the interests of our national foreign policy, isn't it? * * * It is in the interest of our foreign policy like our foreign aid bill.

Mr. President, in May 1963, when the International Coffee Agreement was before us, I opposed it. At that time, it seemed to me that this agreement created grave dangers for the American consumer. Everything that has happened since then has borne out my misgivings. Even without enactment of this bill, we have seen how the agreement can be used to push the price of coffee up.

The United States should not participate in any such price boosting scheme at our own expense. Programs of foreign aid should be dealt with as part of the authorization and appropriation by Congress—and not slipped in in this roundabout way through boosting the price of coffee at the expense of the American housewife. This legislation should be defeated.

CORRECTION OF MINORITY VIEWS IN COMMITTEE REPORT

Mr. CARLSON. Mr. President, there is a misprint in the minority views on Senate bill 701, in the committee report.

In the third paragraph, under the heading "Minority Views on Senate 701," the sentence as printed reads:

This is higher than coffee prices have been since 1945, and inevitably enactment of this bill will be followed by new pressures to force prices up still higher.

Mr. President, the figure "1945" printed in the report should read "1958."

I ask unanimous consent that this correction may be made, and sincerely regret the error which occurred in the printing.

The PRESIDING OFFICER. Without objection, the correction will be made accordingly.

The bill hving been read the third time, the question is, Shall it pass?

On this question the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. YOUNG of North Dakota (when his name was called). On this vote I have a pair with the Senator from West Virginia [Mr. RANDOLPH]. If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." I therefore withhold my vote.

The rollcall was concluded.

Mr. LONG of Louisiana. I announce that the Senator from Connecticut [Mr. DODD], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. GRUENING], the Senator from Washington [Mr. JACKSON], the Senator from Washington [Mr. MAGNUSON], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Georgia [Mr. RUSSELL], the Senator from Georgia [Mr. TALMADGE], and the Senator from West Virginia [Mr. RANDOLPH] are absent on official business.

I also announce that the Senator from Texas [Mr. YARBOROUGH] is absent because of illness.

I further announce that the Senator from Tennessee [Mr. GORE], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Utah [Mr. MOSS], and the Senator from Maine [Mr. MUSKIE] are necessarily absent.

I further announce that, if present and voting, the Senator from Washington [Mr. JACKSON] would vote "yea."

On this vote, the Senator from Arkansas [Mr. MCCLELLAN] is paired with the Senator from Georgia [Mr. TALMADGE]. If present and voting, the Senator from Georgia would vote "nay," and the Senator from Arkansas would vote "yea."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. DOMINICK], the Senator from Iowa [Mr. HICKENLOOPER], and the Senator from Pennsylvania [Mr. SCOTT] are absent on official business.

The Senator from Wyoming [Mr. SIMPSON] is detained on official business.

On this vote, the Senator from Pennsylvania [Mr. SCOTT] is paired with the Senator from Colorado [Mr. DOMINICK]. If present and voting, the Senator from Pennsylvania would vote "yea," and the Senator from Colorado would vote "nay."

The result was announced—yeas 56, nays 23, as follows:

[No. 14 Leg.]

YEAS—56

| | | |
|---|---|---|
| Aiken | Ervin | McGovern |
| Allott | Fannin | Metcalf |
| Anderson | Fong | Mondale |
| Bartlett | Harris | Montoya |
| Bass | Hartke | Morse |
| Bayh | Hayden | Morton |
| Bible | Hill | Nelson |
| Boggs | Holland | Pastore |
| Brewster | Inouye | Pell |
| Burdick | Javits | Prouty |
| Byrd, W. Va. | Jordan, N.C. | Ribicoff |
| Cannon | Kennedy, Mass. | Saltonstall |
| Case | Kennedy, N.Y. | Smathers |
| Church | Kuchel | Smith |
| Clark | Lausche | Sparkman |
| Cooper | Long, Mo. | Stennis |
| Dirksen | Long, La. | Tydings |
| Eastland | Mansfield | Williams, N.J. |
| Ellender | McGee | |

NAYS—23

| | | |
|---|---|---|
| Bennett | Jordan, Idaho | Proxmire |
| Byrd, Va. | McIntyre | Robertson |
| Carlson | McNamara | Symington |
| Cotton | Miller | Thurmond |
| Curtis | Mundt | Tower |
| Douglas | Murphy | Williams, Del. |
| Hart | Neuberger | Young, Ohio |
| Hruska | Pearson | |

NOT VOTING—21

| | | |
|---|---|---|
| Dodd | Johnston | Randolph |
| Dominick | Magnuson | Russell |
| Fulbright | McCarthy | Scott |
| Gore | McClellan | Simpson |
| Gruening | Monroney | Talmadge |
| Hickenlooper | Moss | Yarborough |
| Jackson | Muskie | Young, N. Dak. |

So the bill (S. 701) was passed.

Mr. SMATHERS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MORTON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

## SUPPLEMENTAL APPROPRIATIONS FOR CERTAIN ACTIVITIES OF THE DEPARTMENT OF AGRICULTURE, 1965

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 51, House Joint Resolution 234.

The PRESIDING OFFICER. The joint resolution will be stated by title.

The LEGISLATIVE CLERK. A joint resolution (H.J. Res. 234) making supplemental appropriations for the fiscal year ending June 30, 1965, for certain activities of the Department of Agriculture, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the joint resolution, which had been reported from the Committee on Appropriations with amendments.

## LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, for the information of the Senate, the Senate will not begin debate on the pending bill today. It is my understanding that there are Senators who have remarks and speeches to make. At the conclusion of that part of our business, the Senate will adjourn until 12 o'clock noon tomorrow.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. KUCHEL. Will the majority leader give us his best estimate as to the time when the Senate might proceed to vote on the pending measure?

Mr. MANSFIELD. I have no estimate. I do not know.

Mr. KUCHEL. Does the majority leader believe that a vote on the joint resolution may be reached tomorrow?

Mr. MANSFIELD. I would doubt it.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. MORSE. I will say to the Senator from California that no agreement will be reached to vote tomorrow or at any other time.

## ORDER FOR ADJOURNMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the business of the session is completed this afternoon, the Senate stand in adjournment until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

## FOREIGN POLICY AND PASSING GENERATIONS

Mr. CLARK. Mr. President, last Saturday night in Philadelphia, the former Ambassador to India, John Kenneth Galbraith, made a brilliant speech before a large and enthusiastic crowd at the annual Pennsylvania Roosevelt Day dinner of the Americans for Democratic Action. He spoke on the subject of "Foreign Policy and the Passing Generation."

The speech follows generally an excellent article which Ambassador Galbraith has written for the February issue of the Atlantic Monthly, which I commend to all Senators.

In his speech, Ambassador Galbraith pointed out the difficulty which we in our country have, especially in the State Department, with what he refers to as the three generations of opinion which have arisen since the beginning of World War II. He points out that we are dealing with the age-old question of the generation. This is now the third of our foreign policy declarations since World War II. He says that each generation has had a formula appropriate to its time, but it has clung to its formula after circumstances have made it obsolete.

The Ambassador then points out with cogent reasoning that immediately following World War II, we were caught up in a dream of world order and hope for a peaceful and durable rapport with the Soviet Union.

We were disappointed in that regard when Joseph Stalin broke all of the commitments he had made in a series of meetings, first with President Roosevelt, and later with President Truman.

Reacting from that great disappointment, as we so often do, we came on with the second generation of thinkers with respect to foreign policy, the men of the days of President Truman. It was then thought it was necessary to organize the world against the monolithic power of communism. Everything else had to be subordinated to that end. It was believed that conflict would be an ultimate reality. As the Ambassador has pointed out:

> But the world is a cruel place in more ways than one. For the last several years the foundations of the cold war mystique have been crumbling.

Now we have a third generation who are of the view—and I share this view—that should be devoting more of our efforts toward reaching a satisfactory detente with Russia rather than attempting to crush an implacable enemy dedicated to what some of our friends like to call godless communism.

The Ambassador points out that our foreign policy is having trouble in the light of the overlap within the State Department of individuals of all three generations. As he states, our foreign policy today speaks with a certain dissonance because there are many who are clinging rather righteously to the generations of the past.

I believe the article will be of real interest to all readers of the CONGRESSIONAL RECORD who are interested in attempting to bring some sense into our foreign policy and to make it accord with present reality instead of the conditions of the past.

Accordingly, I ask unanimous consent that the text of Ambassador Galbraith's address may be printed in full at this point in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

### FOREIGN POLICY AND PASSING GENERATIONS

(Speech by John Kenneth Galbraith at the southeastern Pennsylvania Roosevelt Day dinner of the Americans for Democratic Action, Philadelphia, Pa., January 30, 1965)

Senator CLARK, my ADA friends, ladies gentlemen, one of the rewarding things of being out of public office is that one need make no speeches except by choice. Freedom of choice is further assured by the absence of compensation, a very reasonable precaution. So you can be sure I am genuinely glad to be here with so many old friends. And I am glad to have a chance to talk about the current state of our foreign policy.

I propose to be guided at the outset this evening by an article on this same subject in the current Atlantic Monthly. This is not entirely accidential. The article, which I personally recommend, is by a distinguished authority in the field of foreign affairs. I am sure you will agree with me that plagiarism, if kept within bounds, can be both instructive and, like imitation, a sincere form of flattery.

In this article I note that since the election last autumn we have seen, once again, the striking difference in the public attitudes toward domestic as compared with foreign policy. In domestic matters, following the election, we took for granted there would be a new thrust forward on education, the urban crisis, the deprived, medical care for the aged, the increasing squalor of our surroundings, and other matters awaiting attention.

And there can be no doubt that the President's own intentions extend to foreign policy. His instincts are clearly in the tradition of progressive innovation that marked the administrations of Woodrow Wilson, Franklin D. Roosevelt, Harry Truman and, for 3 short years, that of John F. Kennedy. But here also is the contrast. On domestic matters liberals invariably want and support and expect action. They do not praise continuity in our past approach to Negro voting, the social squalor of the Appalachian plateau or the unemployment of young people. But in foreign policy the mood is less urgent. Here both the liberal and the official instinct is to accept present policies. This is true whether they are right, wrong, or potentially disastrous. We seek continuity in our relations with Canada and Mexico and Switzerland which work well. Equally, we accept continuity in policies toward southeast Asia, China, the arms race, which are not working at all or which are certain to be a source of further deep trouble. We accept the view, not unknown among my old friends in the State Department, that improvement is the sort of annoying thing that restless outsiders and liberal Senators are always proposing. They are both a great nuisance.

In domestic policy we also know that controversy is the price of change. We don't expect to get medical care for the aged without arousing the mighty wrath of the American Medical Association. No one imagined that the civil rights bill would win applause from that new tetrarch of the modern party of the abolitionists, the Republican Senator from South Carolina. There was no surge of national enthusiasm for those statesmen who preferred their personal peace to battling Barry Goldwater. But with foreign policy again there is a difference. Where, China, the world's newest nuclear power is involved, we expect those in charge to be fearful about arousing the ghosts of the China lobby or the communicants of the John Birch Society. We know that no man can afford to be thought soft on communism, Castro or the Panama Canal; and we don't expect liberals to go out on a limb—like WAYNE MORSE. It is true, I must admit, that we no longer pay much attention to Richard Nixon. Still at home a liberal is a man with a predisposition to change. In foreign policy he uses his liberal reputation to bless whatever the State Department has always done.

There is no reason why our foreign policy should be the natural stronghold of conservatism or liberal contentment. And in foreign policy as well as in domestic policy, there cannot be progress without controversy. There is now great need for bringing our foreign policy abreast of the times and, even more, for bringing it abreast of what, accordingly, we end up doing.

II

I also venture to think the American people are in a mood for change.

I had the usual firsthand experience with public opinion, of the part-time politician, during the campaign last autumn. People, I am persuaded, had very little trouble deciding against Mr. Goldwater; indeed, they didn't seem to need a great deal of help from orators like myself. But we shouldn't take comfort from this excessively easy choice. They also, I am persuaded, want improved performance on our side. They are willing to live with danger. But they would like serious efforts to mitigate it. They expect disorder, tension, and conflict in the world. But they want imaginative efforts to reduce them. They know how stubborn are the problems of the poor countries and how

# S. 701

IN THE HOUSE OF REPRESENTATIVES

[illegible]

# AN ACT

[illegible]

89TH CONGRESS
1ST SESSION

# S. 701

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 3, 1965

Referred to the Committee on Ways and Means

# AN ACT

To carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "International Coffee
4 Agreement Act of 1965".

5 SEC. 2. On and after the entry into force of the Inter-
6 national Coffee Agreement, 1962, and for such period prior
7 to October 1, 1968, as the agreement remains in effect, or
8 until the Congress by concurrent resolution determines that
9 an unwarranted increase in the price of coffee has occurred,
10 the President is authorized, in order to carry out the pro-
11 visions of that agreement—

1 (1) to regulate the entry of coffee for consumption,
2 or withdrawal of coffee from warehouse for consumption,
3 including (A) the limitation of entry, or withdrawal
4 from warehouse, of coffee imported from countries which
5 are not members of the International Coffee Organiza-
6 tion, and (B) the prohibition of entry of any shipment
7 from any member of the International Coffee Organiza-
8 tion of coffee which is not accompanied by a certificate
9 or origin or a certificate of reexport, issued by a quali-
10 fied agency in such form as required under the agree-
11 ment;
12 (2) to require that every export or reexport of
13 coffee from the United States shall be accompanied by a
14 certificate of origin or a certificate of reexport, issued by
15 a qualified agency of the United States designated by
16 him, in such form as required under the agreement;
17 (3) to require the keeping of such records, statistics,
18 and other information, and the rendering of such reports,
19 relating to the importation, distribution, prices, and con-
20 sumption of coffee as he may from time to time prescribe;
21 and
22 (4) to take such other action, and issue and enforce
23 such rules and regulations, as he may consider necessary
24 or appropriate in order to implement the obligations of
25 the United States under the agreement.

1 SEC. 3. As used in section 2 of this Act, "coffee" means
2 coffee as defined in article 2 of the International Coffee
3 Agreement, 1962.

4 SEC. 4. The President may exercise any powers and
5 duties conferred on him by this Act through such agency or
6 officer as he shall direct. The powers and duties conferred
7 by this Act shall be exercised in the manner the President
8 considers appropriate to protect the interests of United
9 States consumers.

10 SEC. 5. The President shall submit to the Congress
11 an annual report on the International Coffee Agreement,
12 1962. Such report shall contain full information on the
13 operation of such agreement, including full information with
14 respect to the general level of prices of coffee. The report
15 shall also include a summary of the actions the United
16 States and the International Coffee Organization have taken
17 to protect the interests of United States consumers. Such
18 annual report shall be submitted not later than January 15
19 of each year. The first such report shall be submitted not
20 later than January 15, 1966.

21 SEC. 6. There are hereby authorized to be appropriated
22 from time to time such sums as may be necessary to carry
23 out the provisions of this Act, including the necessary ex-
24 penses and contributions of the United States in connection
25 with the administration of the International Coffee Agree-

1 ment, 1962. The amount of the contributions of the United
2 States to administer the agreement for any period shall not
3 exceed 20 per centum of the total contributions assessed for
4 such period to administer the agreement.

5 SEC. 7. The joint resolution of April 11, 1941, entitled
6 "Joint resolution to carry out the obligations of the United
7 States under the Inter-American Coffee Agreement, signed
8 at Washington on November 28, 1940, and for other pur-
9 poses" (19 U.S.C. 1355 and 1356) is repealed.

Passed the Senate February 2, 1965.

Attest: FELTON M. JOHNSTON,

*Secretary.*

89TH CONGRESS
1ST SESSION

# S. 701

# AN ACT

To carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes.

FEBRUARY 3, 1965

Referred to the Committee on Ways and Means

S. 701

# AN ACT

# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
Washington, D. C. 20250
Official Business Postage and Fees paid
U. S. Department of Agriculture

OFFICE OF BUDGET AND FINANCE

(For information only; should not be quoted or cited)

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For actions of April 14, 1965
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HIGHLIGHTS: House committee voted to report bill to implement International Coffee Agreement. Senate committee voted to report foreign aid authorization bill. House Rules Committee cleared water pollution control bill. Rep. Ryan introduced and discussed farm labor bills. Rep. Poage introduced bill to establish U. S. Agricultural Land Development Corporation.

## HOUSE

1. WATER POLLUTION. The Rules Committee reported a resolution for consideration of S. 4, the proposed Water Quality Act of 1965, which provides for the establishment of a Federal Water Pollution Control Administration in HEW. p. 7792

2. COFFEE. The Ways and Means Committee voted to report (but did not actually report) S. 701 to carry out the obligations of the U. S. under the International Coffee Agreement (p. D302). The committee was granted permission to file a report on the bill by midnight Mon., Apr. 19 (p. 7751).

3. TRANSPORTATION. The Interstate and Foreign Commerce Committee voted to report (but did not actually report) with amendment H. R. 5401, to amend the Interstate Commerce Act so as to strengthen and improve the national transportation system. p. D301

4. RECLAMATION. The Interior and Insular Affairs Committee voted to report (but did not actually report) with amendment H. R. 485, to authorize construction of the Auburn-Folsom south unit, American River division, Central Valley project, Calif., reclamation project. p. D301

5. WATERSHEDS. The "Daily Digest" states that the Watershed Development Subcommittee of the Public Works Committee "approved four watershed projects." p. D301

6. ECONOMIC REPORT. The House Administration Committee voted to report (but did not actually report) H. Res. 289, to authorize the printing of additional copies of H. Rept. 175, the report of the Joint Economic Committee on the President's 1965 Economic Report. p. D301

7. PACKERS AND STOCKYARDS. Rep. Hull inserted the text of a bill he intends to introduce to amend the Packers and Stockyards Act of 1921. pp. 7755-7

8. FARM PRICES. Rep. Talcott expressed concern over the level of farm prices and costs and disputed statements that consumers would be willing to pay higher prices for farm commodities. p. 7768

9. NATIONAL PARK. The Interior and Insular Affairs Committee reported with amendment H. R. 908, to authorize the Secretary of the Interior to designate the Nez Perce National Historical Park, Idaho (H. Rept. 238). p. 7792

10. FARM LABOR. Rep. Roncalio expressed concern over the farm labor situation and urged the Secretary of Labor to permit the entrance of foreign workers to help harvest the sugar beet crops. pp. 7764-6

11. STOCKPILE. The Armed Services Committee reported without amendment H. Con. Res. 100, expressing the approval of Congress for the disposal of raw silk and silk noils from the national stockpile (H. Rept. 240). p. 7792

12. APPROPRIATIONS. Rep. Mahon inserted a recapitulation of appropriation bills acted on by the House so far this session. pp. 7731-2

13. POVERTY. Rep. Todd inserted a speech discussing the poverty program, "The Economic Opportunities Act and the Antipoverty Program." pp. 7753-4

14. FOREIGN AGRICULTURE. Rep. O'Hara inserted an article reviewing economic conditions in Africa, including reference to agriculture. pp. 7757-8

15. ELECTRIFICATION. Rep. Saylor criticized the proposed construction of the Bridge Canyon and Marble Canyon Dams on the Colorado River and inserted an article in support of his position. pp. 7761-4

16. FOREIGN CURRENCIES. Rep. Burleson inserted tabulations on the use of foreign currencies for foreign travel by members of the House Education and Labor Committee. pp. 7791-2

17. LAW. Received from the Administrative Office of the U. S. Courts a proposed bill "to provide for the temporary transfer to a single district for coordinated or consolidated pretrial proceedings of civil actions pending in different districts which involve one or more common questions of fact"; to Judiciary Committee. p. 7792

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HIGHLIGHTS: House committee reported bill to implement International Coffee Agreement. Sens. Mondale and Tydings criticized proposed SCS user charge. Sen. Mondale introduced and discussed flood disaster relief bill.

## HOUSE - Apr. 19

1. COFFEE. The Ways and Means Committee reported with amendment S. 701, to carry out U. S. obligations under the International Coffee Agreement (H. Rept. 252). p. 7938

2. FARM BILL. Received a Honolulu, Hawaii, City Council petition "expressing opposition to the rice price increase as proposed in the omnibus farm bill." p. 7938

3. FOREIGN CURRENCIES. Received from Treasury the semiannual report of balances of foreign currencies acquired without payment of dollars. p. 7937

4. ELECTRIFICATION. Received from the Federal Power Commission "two bills to amend the Federal Power Act with regard to the construction and operation of electric transmission lines"; to Interstate and Foreign Commerce Committee. p. 7938

5. ADJOURNED until Thurs., Apr. 22. p. 7937

SENATE - Apr. 19

The Senate met briefly, but conducted no business, and adjourned until Wed., Apr. 21. p. 7939

SENATE - Apr. 21

6. ELECTRIFICATION. Received from this Department a proposed bill to provide for the establishment of a Rural Electrification Administration Loan Account (a revolving fund) consisting of appropriations of loan funds, loan funds obligations, and property held on behalf of the Secretary of the Treasury, and collections therefrom; to Agriculture and Forestry Committee. p. 7824

7. INSPECTION SERVICES. Received from this Department a proposed bill to amend the act of Aug. 28, 1950, which permits the Secretary of Agriculture to furnish, on a reimbursable basis, certain inspection services involving overtime work, so as to clarify geographic areas intended to be covered and to define types of inspection and quarantine services to be included; to Agriculture and Forestry Committee. p. 7824

8. CCC. Received from this Department a proposed bill to amend the CCC Charter Act and the act of Mar. 8, 1938, so as to authorize reduction in CCC's borrowing authority by the amount of notes tendered for cancellation, and to cancel interest on borrowings from the Treasury equivalent to unreimbursed realized losses; to Agriculture and Forestry Committee. p. 7824

9. CLAIMS. Received from the President supplemental appropriation estimates to pay claims and judgments rendered against the U. S. (S. Doc. 19). p. 7824

10. USER CHARGES; SOIL CONSERVATION. Sens. Mondale and Tydings criticized the proposed user charge on SCS technical assistance to farmers and ranchers and urged an increase in SCS appropriations for such assistance. pp. 7922-3
Sen. Mondale inserted a Minn. Legislature resolution opposing the proposed SCS user charge. p. 7921

11. FOOD. Sen. Nelson inserted a speech by Swedish economist, Gunnar Myrdal, reviewing the world food problem. pp. 7925-7

12. FOREIGN CURRENCIES. Received a GAO report "on failure to effectively utilize excess U. S.-owned foreign currencies to pay international air travel ticket cost being paid in dollars" by various agencies. p. 7824

13. WATER RESOURCES. Sen. Kuchel inserted an address by Sen. Jordan, Idaho, reviewing water resource development in the West. pp. 7915-8

14. LEGISLATIVE ACCOMPLISHMENTS. Sen. Church inserted a newspaper article reviewing legislative accomplishments during the first 100 days of this session of Congress. pp. 7927-8

89TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
1st Session } { No. 252

# INTERNATIONAL COFFEE AGREEMENT ACT OF 1965

APRIL 19, 1965.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MILLS, from the Committee on Ways and Means, submitted the following

## REPORT

[To accompany S. 701]

The Committee on Ways and Means, to whom was referred the bill (S. 701) to carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Page 4, line 4, after "agreement" insert ", nor shall such amount exceed $150,000 for any fiscal year".

### PURPOSE

The purpose of S. 701 is to grant the President the authority that will permit the United States to carry out its obligations under the International Coffee Agreement of 1962. That agreement has been signed by the United States, and the Senate has given its advice and consent to ratification. Thus, this legislation is necessary in order for the United States to fully carry out its obligations under the treaty.

The Committee on Ways and Means does not have jurisdiction with respect to the treaty itself. Rather, at the request of the President, your committee has undertaken to authorize the mechanical procedures for carrying out the obligations of the United States under that treaty. The procedures established by this bill are reasonable for that purpose.

The bill would authorize the President to require all coffee entering U.S. markets and all exports of coffee from the United States to be accompanied by a certificate of origin or a certificate of reexport; to

35-006

limit imports of coffee from nonmember countries; to require the keeping of certain records, statistics, and other information; and to take such other action as he may consider necessary to carry out the obligations of the United States under the treaty. The bill also provides for an annual report to Congress by the President concerning the operation of the agreement and authorizes appropriations necessary to carry out the obligations of the United States under the treaty. The joint resolution of April 11, 1941, now obsolete, would be repealed.

Your committee amended the bill to provide a limit of $150,000 per fiscal year on the U.S. contribution toward the cost of administration of the agreement. Your committee was advised that the U.S. contribution to administer the agreement actually would not exceed $135,000 per fiscal year; however, your committee considered it advisable to write a limitation into the statute providing a dollar limit on the amount of the U.S. contribution.

## GENERAL STATEMENT

The world coffee market has a long history of severe price fluctuations, arising from the fact that coffee is a tree crop that takes 5 to 10 years to mature. When prices are high, as they were in the early 1950's, plantings increase. After a period of 5 years or so, when the trees bear fruit, there is a glut of coffee on the market. Thus, prices for Brazilian coffee which averaged 55 cents a pound in the early 1950's and reached a peak price close to 90 cents a pound in some months of 1954 fell progressively in the second half of the decade and reached a low of 34 cents a pound in 1962.

Coffee is the single most important agricultural commodity in the trade of the less-developed countries, and of Latin America in particular. Coffee accounts for more than 50 percent of the export earnings for 6 Latin American countries and 25 percent on the average for the 14 Latin American coffee-exporting countries. It accounts for 30 to 50 percent of the export earnings for seven African countries. The sharp price fluctuations in coffee seriously impede the development efforts of these countries, and the price decline of recent years has cut sharply into their export earnings. Losses from declining coffee prices offset our development aid and frustrate our efforts through the Alliance for Progress to promote growth and stability in Latin America. Moreover, as a result of reduced receipts from coffee sales, the countries of Latin America are forced to curtail their purchases from the United States.

The virtual stagnation of Latin American export receipts during the last several years of rapid expansion in world trade resulted largely from the deterioration in world coffee prices. In Latin America, more than 12 million persons depend on coffee for their livelihood, and perhaps 20 million persons for the world as a whole. The overwhelming majority of coffee growers are small farmers cultivating less than 5 acres of land.

It was against this background that 34 coffee-producing nations and 21 coffee-consuming nations (including the United States which consumes almost as much coffee as all the rest of the world combined) entered into an agreement the purpose of which is to help the producing nations maintain stable prices for coffee by assuring that the amount of coffee available for export is held in line with world consumption requirements.

The agreement was formulated at the United Nations Coffee Conference, held in New York during July–September 1962. This agreement—the International Coffee Agreement, 1962—was signed in behalf of the United States on September 28, 1962. It was presented to the Senate as a treaty, and advice and consent to its ratification was given on May 21, 1963. Upon deposit of the instrument of ratification on December 27, 1963, the United States assumed the obligations of a member of the International Coffee Organization established by the treaty. However, because the agreement is not wholly self-executing, legislation is necessary to permit the United States to fully carry out its treaty obligations.

In approving procedures to permit the United States to implement the treaty, the Committee on Ways and Means is limited in its jurisdiction to a consideration of the proper procedures required. Your committee has no jurisdiction with respect to the treaty itself. In the opinion of the committee, that question was resolved when the U.S. Senate, by the required two-thirds vote, gave its advice and consent to ratification of the treaty by the United States. Your committee regards itself as bound by that action.

## AUTHORITY GRANTED BY THE BILL

The authority provided by this bill enables the United States to fully meet its obligations under the coffee agreement. This authority is as follows:

1. The President is authorized to prohibit imports from members of the International Coffee Organization of coffee that is not accompanied by a certificate of origin. These certificates identify the source of the coffee and enable the coffee organization to maintain a statistical check on exports and to detect quota violations by producing members. Prohibiting imports of coffee that are not accompanied by certificates helps exporting countries police their quota systems.

2. The President is authorized, as a further control measure, to require U.S. exports and reexports of coffee to be accompanied by certificates of origin or reexport issued by a qualified agency of the United States designated by the President.

3. The President is authorized to impose quotas on nations not members of the coffee organization in certain circumstances, when necessary to prevent nonmember exporting nations from increasing their exports at the expense of member nations. At present about 97 percent of the coffee traded in the world is exported by member countries.

## FIXING OF QUOTAS

Under the treaty quotas must be fixed annually by the International Coffee Council on the basis of estimates of coffee consumption for the forthcoming year. If a quota is not agreed to by the Council, there would be no limitation on imports or exports of coffee.

In setting annual quotas the consuming nations of the world are able to prevent quotas from being established at too low a level. Only if they agree to a quota level can an annual quota be fixed, and and only if an annual quota is set will there be any limitation on imports or exports. Moreover, the United States alone can exercise

a virtual veto power because it has 400 of the 1,000 votes the consuming nations have as a group.

The annual quota may be revised during the quota year to meet changes in market conditions.

It is the veto power of the consuming nations in the setting of annual quotas which gives us the balance of power we need to insure that, when necessary, adjustments within a quota year can be made to keep coffee prices within reason. The producing nations recognize that if they are unreasonable in adjusting the annual quota within the quota year, they can expect the consuming nations to retaliate when it comes time to fix an annual quota for the following year.

### PROTECTION FOR U.S. CONSUMERS

The greatest concern in the consideration of this legislation has been to assure that the U.S. coffee-consuming public will not suffer unwarranted price increases through the operation of the agreement. Your committee believes that there are built-in safeguards in the treaty that are designed to assure an adequate supply of coffee at fair prices. However, as an additional safeguard, the bill provides that the implementing authority granted therein shall automatically terminate whenever the Congress by concurrent resolution determines that an unwarranted increase in the price of coffee has occurred.

### CONCLUSION

Your committee believes that legislation to carry out the obligations of the United States under the International Coffee Agreement of 1962 should be enacted. Accordingly, your committee recommends the passage of S. 701, as amended.

### CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets):

## JOINT RESOLUTION OF APRIL 11, 1941

[JOINT RESOLUTION

[To carry out the obligations of the United States under the Inter-American Coffee Agreement, signed at Washington on November 28, 1940, and for other purposes.

[Whereas an Inter-American Coffee Agreement was signed at Washington on November 28, 1940, by representatives of the Governments of the United States of America, Brazil, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Peru, and Venezuela; and

[Whereas the said agreement contemplates the cooperation of the Government of the United States in a joint effort to promote the orderly marketing of coffee in international trade, with a view to

assuring equitable terms for both producers and consumers by adjusting supply to demand: Therefore be it

[*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That on and after the entry into force of the Inter-American Coffee Agreement, as proclaimed by the President, and during the continuation in force of the obligations of the United States thereunder, no coffee imported from any foreign country may be entered for consumption except as provided in the said agreement.

[SEC. 2. The President is authorized to make such allocations of the quota provided in the agreement for countries not participating in the said agreement as he finds necessary or appropriate in order to afford any such country or countries an opportunity to supply a fair share of the quota, whether or not required by any international obligation of the United States, or in order to make available the types of coffee usually consumed in the United States. The President is also authorized to make such rules and regulations as he finds necessary or appropriate to carry out the provisions of this joint resolution and of the said agreement, and with respect to any provision of such regulations for any act or performance by an importer of coffee, compliance therewith shall be a condition to the entry for consumption of the coffee in respect of which the act or performance is required.]

## ADDITIONAL VIEWS OF THOMAS B. CURTIS ON THE COFFEE AGREEMENT

I am reluctant to recommend this legislation to implement the International Coffee Agreement. As I stated in my supplemental views to H.R. 8864 of the 88th Congress, the use of a government-sponsored cartel to stabilize coffee prices will not in the long run benefit the producing countries it is primarily intended to assist. It will certainly impede increases in coffee production, processing, and distribution to the detriment of the investor, the worker, and the consumer.

In addition, the Coffee Agreement will discourage countries whose economies are based largely on this one commodity from moving forward to the much needed diversification of their economics.

This technique of political decisionmaking is the antithesis of the use of marketplace, properly regulated, to produce economic decisions. The United States has developed the high standard of living of its people by the use of the regulated marketplace mechanism. It is a shame that we should be undermining rather than promoting this economic philosophy abroad.

The administration has, however, set its course on a different basis. Administration spokesmen agree that the theory of the Coffee Agreement is unsound economics, but defend it on the ground that it is necessary for immediate international political and social reasons. Congress is confronted with a fait accompli, in that the administration has succeeded in putting the International Coffee Agreement into effect for the past 2 years. This has been done without this enabling legislation through administrative improvisation.

Under these circumstances Congress is somewhat compelled to acquiesce in enabling the administration to carry out its theories and legitimatizing what it has done. The bill requires that the administration report back yearly on the operation of the agreement, and the agreement itself will be reviewed by Congress in 1968. We can only hope that the administration's short-range theories may prove to be useful, even if unsound in the long run.

I would like to advise the House that the Government's bureaucratic decision to supplant the marketplace mechanism has been confined by this administration to the Coffee Agreement. Regrettably, it has not been so confined. Instead, this expedient one-time device is another precedent which is likely to be used to support future actions of a similar nature. Instead of promoting abroad the best tradition of American economic practice, we seem to be copying the debilitating economic techniques that flourished in the interwar period. We are putting new wine into old bottles.



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Union Calendar No. 116

89TH CONGRESS
1ST SESSION

# S. 701

[Report No. 252]

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 3, 1965

Referred to the Committee on Ways and Means

APRIL 19, 1965

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Insert the part printed in italic]

# AN ACT

To carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "International Coffee
4 Agreement Act of 1965".
5 SEC. 2. On and after the entry into force of the Inter-
6 national Coffee Agreement, 1962, and for such period prior
7 to October 1, 1968, as the agreement remains in effect, or
8 until the Congress by concurrent resolution determines that
9 an unwarranted increase in the price of coffee has occurred,

1 the President is authorized, in order to carry out the pro-
2 visions of that agreement—

3 (1) to regulate the entry of coffee for consumption,
4 or withdrawal of coffee from warehouse for consumption,
5 including (A) the limitation of entry, or withdrawal
6 from warehouse, of coffee imported from countries which
7 are not members of the International Coffee Organiza-
8 tion, and (B) the prohibition of entry of any shipment
9 from any member of the International Coffee Organiza-
10 tion of coffee which is not accompanied by a certificate
11 of origin or a certificate of reexport, issued by a quali-
12 fied agency in such form as required under the agree-
13 ment;

14 (2) to require that every export or reexport of
15 coffee from the United States shall be accompanied by a
16 certificate of origin or a certificate of reexport, issued by
17 a qualified agency of the United States designated by
18 him, in such form as required under the agreement;

19 (3) to require the keeping of such records, statistics,
20 and other information, and the rendering of such reports,
21 relating to the importation, distribution, prices, and con-
22 sumption of coffee as he may from time to time prescribe;
23 and

24 (4) to take such other action, and issue and enforce
25 such rules and regulations, as he may consider necessary

1 or appropriate in order to implement the obligations of
2 the United States under the agreement.
3 SEC. 3. As used in section 2 of this Act, "coffee" means
4 coffee as defined in article 2 of the International Coffee
5 Agreement, 1962.
6 SEC. 4. The President may exercise any powers and
7 duties conferred on him by this Act through such agency or
8 officer as he shall direct. The powers and duties conferred
9 by this Act shall be exercised in the manner the President
10 considers appropriate to protect the interests of United
11 States consumers.
12 SEC. 5. The President shall submit to the Congress
13 an annual report on the International Coffee Agreement,
14 1962. Such report shall contain full information on the
15 operation of such agreement, including full information with
16 respect to the general level of prices of coffee. The report
17 shall also include a summary of the actions the United
18 States and the International Coffee Organization have taken
19 to protect the interests of United States consumers. Such
20 annual report shall be submitted not later than January 15
21 of each year. The first such report shall be submitted not
22 later than January 15, 1966.
23 SEC. 6. There are hereby authorized to be appropriated
24 from time to time such sums as may be necessary to carry
25 out the provisions of this Act, including the necessary ex-

1 penses and contributions of the United States in connection
2 with the administration of the International Coffee Agree-
3 ment, 1962. The amount of the contributions of the United
4 States to administer the agreement for any period shall not
5 exceed 20 per centum of the total contributions assessed for
6 such period to administer the agreement, *nor shall such*
7 *amount exceed $150,000 for any fiscal year.*

8 SEC. 7. The joint resolution of April 11, 1941, entitled
9 "Joint resolution to carry out the obligations of the United
10 States under the Inter-American Coffee Agreement, signed
11 at Washington on November 28, 1940, and for other pur-
12 poses" (19 U.S.C. 1355 and 1356) is repealed.

Passed the Senate February 2, 1965.

Attest: FELTON M. JOHNSTON,

*Secretary.*

Union Calendar No. 116

89TH CONGRESS
1ST SESSION

# S. 701

[Report No. 252]

# AN ACT

To carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes.

FEBRUARY 3, 1965

Referred to the Committee on Ways and Means

APRIL 19, 1965

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

# S. 701

# AN ACT

# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
Washington, D. C. 20250
Official Business Postage and fees paid
U. S. Department of Agriculture

OFFICE OF BUDGET AND FINANCE
(For information only; should not be quoted or cited)

Issued May 5, 1965
For actions of May 4, 1965
89th-1st; No. 79


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HIGHLIGHTS: House Rules Committee cleared International Coffee Agreement bill. House committee voted to report foreign aid bill. House passed Labor-HEW appropriation bill. Reps. Findley and Dent inserted items critical of farm program. Sen. Hartke introduced and discussed bill to broaden FHA emergency loans.

## HOUSE

1. COFFEE. The Rules Committee reported a resolution for consideration of S. 701, to implement the International Coffee Agreement. ~~pp. 9067, 9112~~

2. DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE, AND RELATED AGENCIES APPROPRIATION BILL, 1966. Passed as reported this bill, H. R. 7765 (pp. 9042-67). The bill includes funds for air and water pollution control activities by HEW.

3. FOREIGN AID. The Foreign Affairs Committee voted to report (but did not actually report) H. R. 7750, the foreign aid authorization bill. p. D352
   Rep. Erlenborn criticized the foreign aid program and urged an investigation "into all activities of AID and AID reports to the Congress." pp. 9085-6

4. RECLAMATION. The Interior and Insular Affairs Committee reported with amendments H. R. 237, to make certain provisions in connection with the construction of the Garrison diversion unit, Missouri River Basin project (H. Rept. 282). p. 9112

5. FARM PROGRAM. Reps. Findley and Dent inserted items critical of the farm program. pp. 9098-9100, 9106-7
   Rep. Andrews, N. Dak., urged additional efforts "to build a stronger agricultural economy for North Dakota." p. 9097

6. FARM LABOR. Rep. Cederberg stated there was a farm labor "crisis" in Mich. and urged the Department of Labor to take steps to assure additional workers for the harvesting of crops in the State. p. 9100

7. SMALL BUSINESS. Rep. Evins commended the observance of Small Business Week and the work of the Small Business Administration. pp. 9086-90

8. FOREIGN TRADE. Rep. Saylor inserted "the fifth of a series of documents demonstrating how foreign governments give preference to their own industry and labor in negotiating contracts for public works projects." pp. 9090-7

9. PERSONNEL; MANPOWER. Rep. Henderson commended Federal agencies for recent improvements in manpower management. p. 9111

10. AREA REDEVELOPMENT. Received from GAO reports on "overstatement of job opportunities estimated to be created in economically depressed area, Area Redevelopment Administration," and "possible need for clarification of statutory provision limiting the amount of Federal financial assistance to industrial or commercial projects, Area Redevelopment Administration." p. 9112

## SENATE

11. COTTON. Sen. Russell, S.C., inserted a S. C. Legislature resolution urging Congress to "extend the one-price cotton program for the seasons of 1966 and 1967." p. 8966-7

12. ECONOMIC DEVELOPMENT. Sen. Randolph submitted an amendment to S. 1648, the proposed Public Works and Economic Development Act of 1965 which would "increase the authorization for public works matching funds from $250 million annually to $500 million." p. 8983

13. UNDER SECRETARY. Sen. Ervin commended Under Secretary Murphy "for his fine record and for his dedication as a public servant." pp. 8986-87

14. RESOURCE DEVELOPMENT. Sen. Bible inserted and commended an address by the president of the National Reclamation Association in which he discussed the participation of States and counties in utilization of natural resources and commended the Water Resources Research Act of 1964 and the Land and Water Conservation Fund Act of 1964. pp. 8998-9000

89th Congress, 1st Session | HOUSE OF REPRESENTATIVES | Report No. 283

# CONSIDERATION OF S. 701

May 4, 1965.—Referred to the House Calendar and ordered to be printed

Mr. O'Neill of Massachusetts, from the Committee on Rules, submitted the following

## REPORT

[To accompany H. Res. 364]

The Committee on Rules, having had under consideration House Resolution 364, report the same to the House with the recommendation that the resolution do pass.

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House Calendar No. 61

89TH CONGRESS
1ST SESSION

# H. RES. 364

[Report No. 283]

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IN THE HOUSE OF REPRESENTATIVES

MAY 4, 1965

Mr. O'NEILL of Massachusetts, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

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# RESOLUTION

1 *Resolved,* That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (S. 701) to carry
5 out the obligations of the United States under the Inter-
6 national Coffee Agreement, 1962, signed at New York on
7 September 28, 1962, and for other purposes. After general
8 debate, which shall be confined to the bill and shall continue
9 not to exceed two hours, to be equally divided and con-
10 trolled by the chairman and ranking minority member of the
11 Committee on Ways and Means, the bill shall be read for
12 amendment under the five-minute rule. At the conclusion

of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

House Calendar No. 61

89TH CONGRESS
1ST SESSION

H. RES. 364

[Report No. 283]

# RESOLUTION

Providing for consideration of S. 701, a bill to carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes.

By Mr. O'NEILL of Massachusetts

MAY 4, 1965

Referred to the House Calendar and ordered to be printed

# H. RES. 364

# RESOLUTION

# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
Washington, D. C. 20250
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U. S. Department of Agriculture

OFFICE OF BUDGET AND FINANCE
(For information only; should not be quoted or cited)

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For actions of May 12, 1965
89th-1st; No. 85


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HIGHLIGHTS: See page 7

HOUSE

1. COFFEE. By a vote of 300 to 97, passed with amendments S. 701, to grant the President authority to carry out U. S. obligations under the International Coffee Agreement and provide a limit of $150,000 per fiscal year on the U.S. contribution toward the cost of administration of the agreement (pp. 9885, 9887-9908). Agreed to an amendment by Rep. Findley providing that the bill will not become effective until the President makes a determination and reports to the Congress that, in his judgment, it will not result in an unwarranted increase in coffee prices to U. S. consumers (pp. 9906-8).

2. TOBACCO. The Agriculture Committee reported without amendment H. J. Res. 436, to extend the time by which a lease transferring a tobacco acreage allotment may be filed with ASC county committee (H. Rept. 345). p. 9936

3. FORESTRY. The Interior and Insular Affairs Committee voted to report (but did not actually report) with amendment H. R. 797, to provide for establishment of the Whiskeytown-Shasta-Trinity National Recreation Area, Calif., and H.R. 5798, to extend the boundaries of the Kaniksu National Forest, Idaho. p. D388
   Rep. Hechler inserted an address on the importance of the pulpwood industry in the U. S., particularly in W. Va. pp. 9914-5

4. PERSONNEL; PAY. Both Houses received the President's Federal pay message (H. Doc. 170)(pp. 9884-5, 9939-40) in which he: Recommended an average 3 percent increase in Federal civilian salaries to become effective Jan. 1, 1966. Proposed establishment of a permanent mechanism for review at four-year intervals of the structure of all Government salary systems with authority for the President to propose changes in salary schedules for top positions in the executive, legislative, and judicial branches to become effective on a given date unless disapproved by either House of Congress. Proposed a procedure for acting, between quadrennial reviews, upon such periodic adjustments in pay rates for Federal civilian and military personnel as may be warranted to become effective on a given date unless disapproved by either House of Congress. Stated he would send to Congress legislative proposals for an equitable system for payment of moving expenses of Federal employees transferred for the convenience of the Government, and to authorize payment of readjustment allowances to certain employees separated involuntarily from the Government. Stated that he would continue his "personnel efforts to hold down employment."

5. RIVER BASINS. Passed without amendment H. R. 6755, to authorize additional appropriations for the prosecution of certain river basin plans for flood control by the Corps of Engineers. pp. 9889, 9909-10

6. PUBLIC LANDS. The Interior and Insular Affairs Committee reported with amendment H. R. 396, to provide that until June 30, 1968, Congress shall be notified of certain proposed public land actions (H. Rept. 341). p. 9936

7. TRADE FAIRS. The Merchant Marine and Fisheries Committee reported without amendment H. R. 4525, to continue authority to develop American-flag carriers and promote the foreign commerce of the U. S. through the use of mobile trade fairs (H. Rept. 343). p. 9936

8. TARIFFS. The Ways and Means Committee reported without amendment H. R. 7969, to correct certain errors in the Tariff Schedules of the U. S. (H. Rept. 342). p. 9936

9. FARM LABOR. Reps. Utt and Hosmer criticized the farm labor policies of the Department of Labor and stated there were not adequate farm laborers in Calif. to harvest the crops. p. 9916

10. FOREIGN CURRENCIES. Rep. Curtis commended the proposal of Rep. Findley to permit U. S. tourists to exchange dollars for U. S. foreign currencies in foreign countries. p. 9923

imum return from every dollar spent on a salary.

All agencies of the executive branch are working hard to improve the productivity of their employees and to curtail outmoded activities. All agencies have established personnel control programs which should bring to a halt unwarranted increases in average grades and average salaries.

I am continuing my personal efforts to hold down employment. The most recent monthly report of the Civil Service Commission shows that there are now about 22,000 fewer civilian employees in the executive branch than in December 1963.

New employees must replace many who leave, but additional employment will occur only when our responsibilities permit no other course of action.

I am proud of the progress we have made toward lean and fit competence in the discharge of Federal responsibilities. Adequate pay will help us to continue our advance toward that goal.

The report of the Panel proposes new procedures for acting upon compensation matters in the future.

The first proposal would establish a permanent mechanism for impartial review at 4-year intervals of the structure and interrelationships of all Government salary systems. Following these reviews, the President would be authorized to propose changes in salary schedules for top positions in the executive, legislative, and judicial branches. The changes would go into effect automatically at a given date, unless disapproved by resolution of either House of the Congress. Other changes proposed by the President as a result of a quadrennial review would be acted upon through the regular processes for the enactment of legislation.

The second proposal would authorize a procedure for acting, between quadrennial reviews, upon such periodic adjustments in pay rates for Federal civilian and military personnel as may be warranted to keep pace with changes in pay rates elsewhere in the economy. Under this proposal, the President would continue to make prescribed reports annually to the Congress. When any such annual report includes recommendations for revision of salary rates, these revisions would go into effect automatically at a given date, unless disapproved by resolution of either House of the Congress.

I concur in these recommendations of the Panel.

Legislation to establish the first of these new and improved procedures is attached.

Amendments of existing law to make the second recommendation effective are included in the bills authorizing pay adjustments for civilian and uniformed personnel.

The civilian pay bill also includes an amendment of the Federal Salary Reform Act of 1962 which would carry out another of the Panel's recommendations. This amendment would give the President discretionary authority to make salary surveys and comparisons in additional fields of non-Federal employment.

Existing law limits the annual surveys and comparisons to "private enterprise." Collection and analysis of salary rate information in such fields of employment as State and local governments and nonprofit institutions would give added assurance that Federal salary rates are kept in appropriate relationship with salary rates prevailing throughout our economy.

Drafts of legislation to carry into effect other important recommendations contained in the Panel's report will be promptly transmitted to the Congress. These drafts will propose to—

Authorize certain civilian employees not now receiving premium pay for overtime to receive such pay on an equal basis with other civilian employees;

Establish a coordinated and equitable system for payment of moving expenses to employees transferred for the convenience and benefit of the Government;

Authorize payment of readjustment allowances to certain employees separated involuntarily from Federal employment through no fault of their own.

The report of the Special Panel and this message largely take the place this year of the President's annual report to the Congress, as required by the Federal Salary Reform Act of 1962. Nevertheless, the report and analysis of the Bureau of the Budget and the Civil Service Commission on the comparison of Federal and private enterprise salary levels, and the views of employee organizations, should be available to the Congress. I am transmitting them by separate communication.

With the enactment of the legislation recommended in this message, we shall have taken still another series of steps in the most far-reaching revision of Federal compensation laws in the history of our country.

We shall be much nearer to full achievement of the comparability standard adopted by the Congress in 1962.

We shall have established for the first time sound procedures for maintaining interrelated salary systems for both civilian and military personnel, which will be based upon fair, clear, consistent, and up-to-date policies.

And we shall be in a far better position to attract and retain in Federal service the best talent in America.

I urge prompt consideration of these proposals. Their results will more than justify their costs.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *May 12, 1965.*

## CALL OF THE HOUSE

Mr. DERWINSKI. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll and the following Members failed to answer to their names:

[Roll No. 100]

| | | |
|---|---|---|
| Andrews, George W. | Fogarty | Morris |
| Ashley | Ford, William D. | Morton |
| Baring | Fulton, Tenn. | Patman |
| Battin | Gubser | Powell |
| Belcher | Holifield | Resnick |
| Blatnik | Holland | Rivers, Alaska |
| Bolton | Huot | St Germain |
| Bray | King, Utah | Smith, Va. |
| Brown, Calif. | Laird | Steed |
| Cahill | Landrum | Talcott |
| Cederberg | Lindsay | Teague, Tex. |
| Chelf | Macdonald | Toll |
| Clark | Martin, Mass. | Udall |
| Collier | Mathias | Walker, N. Mex. |
| Conyers | Miller | Willis |
| Farnum | Moeller | |

The SPEAKER. On this rollcall, 388 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

## CORRECTION OF ROLLCALL

Mr. GIAIMO. Mr. Speaker, on rollcall No. 93, on May 5, 1965, I am recorded as present. I was not present and I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

## INTERNATIONAL COFFEE AGREEMENT ACT OF 1965

Mr. O'NEILL of Massachusetts. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 364 and ask for its immediate consideration.

The Clerk read as follows:

H. RES. 364

*Resolved,* That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 701) to cary out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

(Mr. O'NEILL of Massachusetts asked and was given permission to revise and extend his remarks.)

Mr. O'NEILL of Massachusetts. Mr. Speaker, at the conclusion of my remarks I yield 30 minutes to the gentleman from Ohio [Mr. BROWN].

(Mr. O'NEILL of Massachusetts asked and was given permission to speak out of order.)

Mr. O'NEILL of Massachusetts. Mr. Speaker, last evening in Washington, D.C., the Boston College Club of Washington, D.C., honored one of our colleagues, the gentleman from Massachu-

setts, Congressman EDWARD BOLAND, as the outstanding Boston College alumnus of the year 1965. I think their choice was indeed a great one. I have known Congressman BOLAND for over 30 years. I have seen him in the public life of Massachusetts at the age of 21 when he was elected a State representative and stayed in the Massachusetts Legislature for 8 years.

He was then elected registrar of deeds in Hampden County, Mass., where he served for a period of 12 years. During 4 of those years he served in the U.S. service and while he was in the U.S. service, he turned his salary back to the State for worthy causes.

Congressman BOLAND is indeed an outstanding man, one that the Nation, one that the State of Massachusetts, and one of whom all of his friends can well be proud.

Mr. Speaker, through the years, since 1952, he has been a Member of Congress and currently he is serving on the Committee on Appropriations where he served faithfully and well.

At this time, Mr. Speaker, I am happy to yield to the gentleman from Texas [Mr. THOMAS] who had previously asked me if I would yield to him.

Mr. THOMAS. Mr. Speaker, may I join my genial and distinguished friend from Massachusetts in saying a few words about our beloved friend and colleague, EDDIE BOLAND.

Mr. Speaker, I was delighted to learn that his alma mater conferred this distinctive honor upon him last night.

Mr. Speaker, I do not know of a finer person any place. It has been my privilege and pleasure to serve with scores and scores of fine men during my service here. But EDDIE BOLAND is really a true love. He knows his business. He works hard on the committee. We rely upon him and his judgment. Frankly, Mr. Speaker, I would rather trust his judgment than my own any day in the week.

With reference to the honor which has been bestowed upon him, I do not know of anyone who deserves it any more than EDDIE and I do not know of anyone who has any more friends than EDDIE.

Mr. Speaker, I congratulate Mr. BOLAND and, certainly, that great college used the best of judgment in bestowing this high honor upon him.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL of Massachusetts. I am delighted to yield to the distinguished majority leader.

Mr. ALBERT. Mr. Speaker, I join our distinguished friend, the gentleman from Massachusetts [Mr. O'NEILL], in congratulating EDDIE BOLAND for the high honor he received. Of course it was merited. He is an outstanding Member of the House of Representatives, an outstanding American, and his great alma mater in honoring EDDIE BOLAND honored itself.

Mr. BATES. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL of Massachusetts. I yield to the gentleman from Massachusetts [Mr. BATES].

Mr. BATES. Mr. Speaker, last evening I, too, was privileged to be in the caucus room on the occasion of the designation of our distinguished colleague, Congressman BOLAND, as the Boston College Graduate Man of the Year.

I consider Representative BOLAND not only one of my dear friends but one of the most valuable Members of the House of Representatives. He is a prodigious worker and is a great credit to the Commonwealth of Massachusetts and to the U.S. Congress.

Mr. YATES. Mr. Speaker, will the gentleman yield at this point?

Mr. O'NEILL of Massachusetts. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Speaker, I am delighted to join in the tributes that are being paid here today by the Members of the Congress to my good friend, Congressman EDWARD BOLAND.

Mr. Speaker, I have served with EDDIE BOLAND for many years on the Independent Offices Subcommittee of the Committee on Appropriations, and it was a pleasure to work with him on that very intricate and complicated appropriation bill. He brought ability, he brought humor, he has brought perceptiveness, he brought wide experience, he brought all of his many talents to work on that committee. But I would not, by emphasizing his contribution to that work, minimize his other great contribution to other important legislation which the House considered.

Mr. Speaker, I consider EDDIE BOLAND one of the most able Members of this body. It has been a tremendously valuable experience to serve with him and to know him as a friend. We in the Congress are fortunate in the opportunity given to us to serve with a man of the great stature of EDDIE BOLAND.

I congratulate the members of Boston College in the District of Columbia for their wisdom in selecting Congressman EDWARD BOLAND as the recipient of their award.

Mr. PHILBIN. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL of Massachusetts. I yield to the gentleman from Massachusetts.

Mr. PHILBIN. Mr. Speaker, I am very happy and proud to associate myself with the views so felicitously expressed by my very distinguished and esteemed friend, the gentleman from Massachusetts [Mr. O'NEILL], regarding our good mutual friend and very distinguished, able and esteemed colleague, the Honorable EDWARD P. BOLAND, illustrious son of Massachusetts.

Mr. Speaker, EDDIE BOLAND is not only a dear, beloved friend of mine and many Members of this great House, but he is one of the truly outstanding public servants in the Congress. In fact, he is one of the outstanding leaders of the Nation, and one of the most distinguished, capable and dedicated men I have known during my lifetime. I have utmost respect, admiration and affection for him.

Mr. Speaker, Congressman BOLAND is a man of warmth and personal charm, a valued and loyal friend, whom we all love for his fine human and humane qualities. He is most diligent, efficient and effective in the performance of his duties and a real tower of strength in the vital legislative work and achievements of the House, a leader of first magnitude.

He has made a brilliant record in this historic Chamber, is one of the leading Members of this body, and I take greatest pleasure and pride in paying my sincere tribute to him on the occasion of the highly merited award of "Man of the Year" that he received yesterday from his cherished alma mater, one of the great universities of our country and the world, Boston College, an institution of higher learning of superlative renown.

I wish for my dear friend, EDDIE, many more happy, constructive and fruitful years in this body, to which he has made such highly valuable contributions. I hope and pray that the good Lord will shower upon him in the future, all of the choicest blessings, continued good health and success, even greater advancement in his brilliant career, and as well as happiness and peace.

Mr. BURKE. Mr. Speaker, I wish to associate myself with my colleagues here in paying tribute to a great American, the gentleman from Massachusetts, Congressman EDWARD P. BOLAND.

I first met Mr. BOLAND back in the Massachusetts General Court in 1937. At that time he impressed me as being a great public servant, devoted and dedicated to his work. Through the years, as a member of the Massachusetts General Court, in the service of his country during wartime, also in his home county as register of deeds and here in the U.S. Congress, his work has been outstanding. He has given liberally of his time on behalf of the people of the Nation.

I was present last night when that great university, Boston College, made this award, this most deserving award to this fine young man. I am very proud of him.

Mr. McCORMACK. Mr. Speaker, in conferring the honor on our distinguished friend and colleague, EDWARD BOLAND, Boston College, through its organization, honored itself.

We are all happy when any Member of the House receives an award of any kind, particularly an unusual one like this. Without regard to party politics we recognize that when an award is conferred upon a Member of the House it is because of the qualities he possesses in attracting himself to those who confer the honor upon him, and we all accept it with appreciation.

Coming from Massachusetts, as I do, and EDWARD BOLAND, coming from Massachusetts, I am very proud of him as a Member of this body. He not only serves the people of his district with great distinction, and the Commonwealth of Massachusetts, but he has that broad understanding of the national viewpoint where in the Halls of Congress he represents the entire United States of America.

So I join with my distinguished friend from Massachusetts, Mr. O'NEILL, and others, in conveying to EDWARD BOLAND, not only our pleasure at the honor he received last night, which he so richly deserves, but in conveying to him the deep respect and friendship and esteem we have for him.

Mr. O'NEILL of Massachusetts. Mr. Speaker, I too want to congratulate

Boston College for this award which was made to EDWARD BOLAND. "ED" BOLAND is one who is effervescent in enthusiasm, integrity and ability. I am sure the Commonwealth of Massachusetts and the country itself is benefited greatly because of his service in the U.S. Congress.

Mr. CONTE. Mr. Speaker, we have heard some fine things said here today about my friend and distinguished colleage from Massachusetts, ED BOLAND. And, although I am pleased to carry the banner of the elephant and my good friend and colleague is doomed to carry the sign of the other animal, I am constrained to add my own congratulations to him for the splendid record and devoted statesmanship which have earned him the distinction conferred on him last night by Boston College, my alma mater.

I am always pleased to recount the many things the gentleman from Massachusetts, ED BOLAND, and I hold in common, in spite of our divergent party allegiance. Our congressional districts border one another and, together, embrace more than half of the land mass of the great State we are pleased to represent. We share a great many problems in common and, of course, a great many blessings.

The fact that he is a Democrat and I am a Republican is a pretty good case for the fact that the secret of success in politics is not so much party label as it is responsiveness to the needs of your people; at least in Massachusetts this is so.

I am proud, too, that the gentleman from Massachusetts, ED BOLAND, and I attended the same school. I was pleased last night to attend the special reception in honor of my colleague who, as you know, has been named outstanding alumnus of Boston College for 1965. It was a great pleasure for me to see many of my old friends from Boston College and to renew many old acquaintances..

I was especially happy to see Father Frank Sullivan who was athletic director during my days on the Boston College campus. Father Sullivan was instrumental in teaching me the fine art of stubborn resistance.

The gentleman from Massachusetts, ED BOLAND, is as good an example as I can think of who represents all the fine things Boston College and the State of Massachusetts stand for. I am proud to serve here with him and proud to add my personal congratulations to him on this occasion.

Mr. KLUCZYNSKI. Mr. Speaker, I want to join with my colleagues in paying tribute to one of the finest Members of this House, Congressman BOLAND, who received the Man of the Year Award from the Boston College Club, of Washington, D.C., last night. No one is more deserving of this award that Congressman BOLAND. He is a dedicated and hard working member of the Appropriations Committee. I have served with him in the House for 13 years, and I know of his many contributions to the well-being of the Nation and his State.

Mr. BENNETT. Mr. Speaker, it is a cherished opportunity for me to speak in praise of a great American, Congressman BOLAND. The honor conferred upon him by his alma mater is indeed a well deserved one. His statesmanship, ability, and courage are qualities for which we admire him. His enthusiasm, thoughtfulness, and friendly spirit at all times are qualities for which we love him—men like ED BOLAND make our country this great nation it is; and for one I am truly grateful for his friendship.

Mr. EDMONDSON. Mr. Speaker, it is a pleasure to join my colleagues in heartfelt tribute to a great member of the House, ED BOLAND.

Since he first came to the House of Representatives, ED BOLAND has been recognized as a man of great ability, integrity, and dedication.

Early in his legislative career, he was assigned to the important Committee on Appropriations, and he has been one of the most diligent and respected members of that committee for many years.

The House of Representatives is a stronger and better legislative body because of ED BOLAND, of Massachusetts, and it has been a privilege to serve with him.

Boston College is to be congratulated upon his selection for the honor just conferred upon him.

Mr. O'HARA of Illinois. Mr. Speaker, EDWARD P. BOLAND is as fine a gentleman as can be found anywhere in the world, and the great honor bestowed upon him by Boston College is a source of delight to all his colleagues. My congratulations to both Boston College and our beloved friend ED BOLAND, the alumnus of the year of that famed school.

Mr. DONOHUE. Mr. Speaker, I wish to join with my fellow Members here in extending my most sincere congratulations to my distinguished associate and esteemed colleague from the Second Congressional District in Massachusetts for the additional honor conferred upon him last evening by the Boston College Club of Washington, D.C., as this year's recipient of their annual Man of the Year Award.

Of course we, as his fellow Members here, very rightly feel we had assayed and found superlative the courageous character and eminent ability of our colleague long before the discerning membership of the local Boston College Club here saw fit to formally confirm our united judgment by presenting him with their highest accolade.

For the past 12 years here we have observed first hand the constantly growing legislative stature of "EDDIE" BOLAND as he has steadily risen to a position of leading responsibility in the vitally important Appropriations Committee and in the admiration of our membership. In a comparatively short period he has marked himself as one of the Nation's outstanding financial authorities and most learned lawmakers in modern congressional history.

For those of us who have known "EDDIE" BOLAND through the years, this is by no means a surprising development; it is only what was to be expected. From his early youth, EDDIE seemed to instinctively know his extraordinary talents and industry could be best devoted to, and developed in, the most exacting field of public service.

Happily for his community, his State, and his country, the people of his area appeared to instinctively recognize their good fortune to have such a gifted man offer himself to their service; the exercise of their original instinct was soon most fruitfully productive of concrete proof of their basic wisdom. For the past 28 years of his still young life his people have consistently and repeatedly elected him to positions of great public trust and, over the past 12 years, they have increasingly returned him to the challenging responsibility of U.S. Representative.

In return for the confidence his people have placed in him, "EDDIE" BOLAND has dedicated himself to the fullest discharge of his Representative duties with a sincerity, an industry, a zeal, and a determination that is unsurpassed by any other Member of this House.

Here is a man who conducts his life in the truest traditions of a gentleman, a scholar, a statesman, and a patriot.

We congratulate you again, EDDIE, for this further and preminently merited distinction the Washington, D.C., Boston College Club has granted you; in their righteous action they have reflected the highest credit upon their own objective, standards of judgment and endorsement.

May the good Lord keep you with us, EDDIE, for the assumption of ever-increasing responsibilities in the dedicated service of your home people and your country for many, many good years to come.

GENERAL LEAVE TO EXTEND REMARKS

Mr. O'NEILL of Massachusetts. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the RECORD on Mr. EDWARD P. BOLAND.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. O'NEILL of Massachusetts. Mr. Speaker, House Resolution 364 provides for consideration of S. 701, a bill to carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 25, 1962, and for other purposes. The resolution provides an open rule with 2 hours of general debate.

The authority provided by S. 701 enables the United States to fully meet its obligations under the coffee agreement, which authority is as follows:

First. The President is authorized to prohibit imports from members of the International Coffee Organization of coffee that is not accompanied by a certificate of origin. These certificates identify the source of the coffee and enable the coffee organization to maintain a statistical check on exports and to detect quota violations by producing members. Prohibiting imports of coffee that are not accompanied by certificates helps exporting countries police their quota systems.

Second. The President is authorized, as a further control measure, to require U.S. exports and reexports of coffee to be accompanied by certificates of origin or reexport issued by a qualified agency of

the United States designated by the President.

Third. The President is authorized to impose quotas on nations not members of the coffee organization in certain circumstances, when necessary to prevent nonmember exporting nations from increasing their exports at the expense of member nations. At present, about 97 percent of the coffee traded in the world is exported by member countries.

Mr. Speaker, I urge the adoption of House Resolution 364 for consideration of S. 701.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may consume.

(Mr. BROWN of Ohio asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, the gentleman from Massachusetts has ably explained the provisions of this rule, which brings before us again the proposal that the Congress appropriate funds to carry out certain activities of this Government in connection with the International Coffee Agreement.

This is the same old story we have had in the past. The only issue involved in this bill is whether we want to do it or not, whether we should do it or not, and whether it is establishing a precedent that may react to the destruction of this House of Representatives eventually as a legislative and lawmaking body by the relinquishing of the House of Representatives the rights and duties granted it under the Constitution to originate all appropriation bills.

Seemingly there has not been too much push—too much energy—behind this legislation to appropriate up to $150,000 a year. It is not a matter of the amount involved, but the principle that is at stake. As I say, apparently there has not been too much push or too much energy behind this legislation, as one might think. This agreement was entered into during September 1962 by the State Department, which very frankly has said it is part of our foreign aid program to certain Latin American countries which produce most of our coffee. However, we did not get around to voting here in the House until November 1963, about 14 months after the agreement was entered into at a little meeting between State Department officials and a few coffee importers.

Then no action was taken by the Senate. The vote in the House on November 14, 1963, on the original bill was 181 to 145. The other body did not consider the legislation until July 31 of 1964—many, many months after the House had acted. So there seemingly was not any great demand that action be taken immediately because of some emergency. We were operating under that agreement anyhow and the prices of coffee, of course, had gone up as had been predicted and expected by and reasonable-minded person.

Then, on August 11, 1964, the bill was sent to conference, and the conferees made their report.

On August 18 the House defeated the conference report. The House decided it did not want any part of it. That vote was rather close, I believe, 195 to 187. Nevertheless, the conference report was rejected, and no action was taken until April of this year, when the Senate passed the bill now before us, S. 701, on which the House is asked to take favorable action by the Ways and Means Committee, which reported the bill favorably.

I should like to have Members follow this, if they will. The argument is made in the report of the Ways and Means Committee that there is an obligation on the part of the House to appropriate this money because the Senate approved a treaty for the United States to participate in this coffee agreement. I cannot accept that for one moment, either as good law or as constitutional law or anything else. It should not be said that because the Senate writes a treaty or approves a treaty, to furnish a certain amount of money to some international organization, that we have to vote the money although we voted down the proposal and said, "No, we do not believe it should be appropriated."

Let me ask a question, to emphasize the point I am trying to make. Suppose the Senate of the United States passed a foreign aid appropriation bill carrying an item of $100 million of American aid for Sukarno of Indonesia. We will use him as an example. Suppose the House rejected that and refused to go along, and said, "No, we do not want to appropriate $100 million of the taxpayers' money to Sukarno of Indonesia. We do not believe he deserves it. We opposed it."

What would happen under the procedure now brought before us and suggested to be constitutional law—not supported by logic, commonsense, or reason. The Senate could put into the form of a resolution a treaty providing that the United States, upon the adoption of the treaty, would furnish Mr. Sukarno with $100 million.

Does anyone mean to tell me that the House of Represetatives would be bound and compelled to vote the $100 million to Sukarno simply because the Senate wanted to do it? Anything in the world could be done under that kind of a rule, that kind of logic, which the Senate might want to do, anything which the treatymaking body might want to put in the form of a treaty. Then the rights and prerogatives of the House would be destroyed.

I should like to talk a bit about the bill. The argument is made, as I said a moment ago, that it is a part of our foreign aid program to help these people in Latin America who produce coffee. It is said there are a number of small farmers in Latin America producing coffee who need this help.

Regardless of what one may think about foreign aid—whether he is for it or against it—now can it be argued, that if we are to furnish foreign aid to a country, it ought to be done at the expense of the coffee drinkers instead of at the expense of the general public, the entire taxpaying public? Why not say that anyone who wears overshoes will have to pay a special tax, or will have to spend a certain amount of money in order to give foreign aid to some particular country?

Of course, it is not any more logical to do that than it is to do that which we are doing here. I am not unmindful of the fact that there are a lot of small farmers in Latin America producing coffee, but I am also mindful of the fact that there are a great many rich Latin Americans producing coffee who are benefited as a result of this particular agreement and the action of the Congress and the Department of State in connection therewith. I am not interested in fattening any rich Latin American coffee producer or lining the pockets of any corrupt politician in that part of the world. Above all, I am interested in what is happening to the consuming public of the United States.

Within a short time after the coffee agreement was made, the price of coffee went up about 35 percent for the average American consumer. I have a great many coffee consumers in my State and my district and in the Midwest from where I hail, and I am sure that most of you have a great many coffee consumers in your home districts. I have heard from quite a number of them. They do not like the idea that they are being nicked a penny or two to take care of this particular program every time they have a cup of coffee. They do not like it at all. But, you know, rather strangely—and I will let you in on my confidential file—I do not have a single message in my office from any coffee producer in my district or my State or from the Middle West asking me to support this legislation. I rather have the idea that while it is fine for these people who represent the Latin American countries to do what they can to get high coffee prices for their people, we have to look at it in a different way. They have been able to get these prices. Regardless of this legislation, they are getting these prices right now and have been right along. The enactment or the failure of enactment of this particular legislation has had nothing to do with what we are doing under the coffee agreement. They are going ahead, operating just the same. And the price is going up for the consuming public. The consuming public is being taken for a ride in the United States in order to benefit people in other parts of the world. Maybe that is what you want to do. If so, it is all right, but I say let us do it in the proper way and share that cost equally among all of the people and not just those people who happen to like coffee.

That is the issue before us. It is composed of two things: first, whether or not we want to agree, as a Member of this House, to the proposition espoused by this committee report. I have every respect for the members of the committee who have signed this report and joined in it, but the question is as to whether or not you agree that the U.S. Senate by adopting a treaty and ratifying it can bind this House to appropriate money for some purpose that the House refused to appropriate money for in the past by action of this body.

Do we want to do that and establish that precedent? Do we want to say that we will leave it up to the Senate to decide what we shall do in the way of

spending the people's money? No longer will the House actually be able to control the purse strings of the Nation through the constitutional provision that all appropriations must originate in this body. The second issue is whether or not we want to represent the consuming public or just a relatively few people in other parts of the world.

Those are the two questions and the issues. I hope that this rule is defeated. I do not believe the bill has any business here. I feel if there had been any great urgency or any great emergency existing that demanded the enactment of this legislation, there would not have been this delay before any action was taken by the other body. So there has been no pressure, except that somebody would like to have the money.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman.

Mr. GROSS. Mr. Speaker, I want to commend the gentleman for his excellent statement and say that I agree with him completely. I would also like to say that apparently the Committee on Ways and Means does not consider this very important legislation for no hearings have been held on the bill now pending before the House this year. At least there are no printed hearings available on the House floor.

Mr. BROWN of Ohio. Mr. Speaker, I reserve the balance of my time.

Mr. O'NEILL of Massachusetts. Mr. Speaker, there is no question about the remarks made by the gentleman from Ohio [Mr. BROWN]. It seems rather ridiculous when we consider the fact that the U.S. Senate may approve a treaty and all we can do is to authorize and appropriate. I think perhaps the time has come when the House itself should act on treaties. I know that the gentleman from Florida [Mr. PEPPER] has legislation pertaining to this matter.

With regard to the bill itself there is question that it is a foreign aid bill and there is no question that we are in serious trouble at the present time with our Latin and South American neighbors. I think we should, if we are to take into consideration the policy of the U.S. Government, follow that policy, and adopt the rule.

Mr. Speaker, I move the previous question on the resolution.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

## RIVER BASIN PLANS, 1966

Mr. DELANEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 381 and ask for its immediate consideration.

The Clerk read as follows:

H. RES. 381

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6755) authorizing additional appropriations for prosecution of projects in certain comprehensive river basin plans for flood control, navigation, and other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. DELANEY. Mr. Speaker, I yield 30 minutes to the gentleman from Nebraska [Mr. MARTIN], and pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 381 provides for consideration of H.R. 6755, a bill authorizing additional appropriations for prosecution of projects in certain comprehensive river basin plans for flood control, navigation, and other purposes. The resolution provides an open rule with 1 hour of general debate.

H.R. 6755 provides increased authorizations for the prosecution of river basin plans for flood control and related purposes under the jurisdiction of the Secretary of the Army and the Chief of Engineers. The appropriations intended to be covered by these increased authorizations are those for fiscal year 1966. The necessity for these increased authorizations, totaling $263 million, is explained as follows:

Basin monetary authorizations were placed in effect by the Flood Control Acts of 1936 and 1938. Their effect is to limit the authority to expend funds within a specified basin below the total authorized extent of development of the basin. Subsequent authorizations have increased previous limitations when needed. The purpose of the basin monetary authorization is to give the Congress an opportunity to review programs from time to time to determine if changes in the authorized plans are needed.

If H.R. 6755 is not enacted into law as soon as possible, it will be necessary to defer a number of contracts.

Mr. Speaker, I urge the adoption of House Resolution 381 in order that H.R. 6755 may be considered.

Mr. MARTIN of Nebraska. Mr. Speaker, I yield myself such time as I may consume.

(Mr. MARTIN of Nebraska asked and was given permission to revise and extend his remarks.)

Mr. MARTIN of Nebraska. Mr. Speaker, I heartily agree with the statements of the gentleman from New York [Mr. DELANEY]. This flood control program is a very necessary program, as witnessed by the recent very severe and disastrous floods that we have had in the central part of the United States.

Mr. Speaker, as the gentleman from New York stated, the rule provides for 1 hour of general debate, under an open rule. The bill provides for the authorization of a total of $263 million to carry on the work of flood control in these 10 river basin areas.

Mr. Speaker, on the minority side, we approve and support this legislation.

Mr. DELANEY. Mr. Speaker, I have no further requests for time. I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

## INTERNATIONAL COFFEE AGREEMENT ACT OF 1965

Mr. MILLS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 701) to carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Arkansas.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill S. 701, with Mr. YATES in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Arkansas [Mr. MILLS] will be recognized for 1 hour and the gentleman from Wisconsin [Mr. BYRNES] will be recognized for 1 hour.

The Chair recognizes the gentleman from Arkansas.

Mr. MILLS. Mr. Chairman, I yield myself 15 minutes.

(Mr. MILLS asked and was given permission to revise and extend his remarks.)

Mr. MILLS. Mr. Chairman, the bill before the House, S. 701, is, in my opinion, an important piece of legislation, though I must say in the very beginning that it does not carry with it, perhaps, the appeal that some legislation which has come from the Committee on Ways and Means might carry with it.

Mr. Chairman, the purposes of the legislation are very simple and very easy to understand. They are to carry out certain commitments that we have made and to which we have become a party under the International Coffee Agreement which the gentleman from Ohio [Mr. BROWN] pointed out had been entered into by the United States and other countries and ratified by the Senate of the United States some months ago.

Now, Mr. Chairman, early in February of this year, the Senate passed this bill, S. 701, in substantially the form that it is reported to you by the Committee on Ways and Means.

The provisions of the bill are briefly the following:

The bill authorizes the President:

First. To require certificates of origin or reexport of coffee entering the United States from members of the International Coffee Organization;

Second. To require certificates of origin or reexport of coffee leaving the United States; and

Third. To limit the entry of coffee from nonmembers; that is, countries not members of the International Coffee Organization, if this should be necessary.

Now, Mr. Chairman, these certificates identify the source of the coffee and enable the Coffee Organization to monitor the flow of coffee in the world market and to detect export quota violations.

In addition, the bill requires the President to submit an annual report to the Congress on the operations of the coffee agreement itself, including full information on coffee prices and the actions the United States and the International Coffee Organization have taken to protect the interests of U.S. consumers.

The authority contained in this bill continues until October 1, 1968, or, and I now quote the safeguarding amendment included by the Senate, "Until the Congress by concurrent resolution determines that an unwarranted increase in the price of coffee has occurred."

Let me underline the significance of that amendment. Should the Congress so determine at any time that an unwarranted increase in coffee prices has occurred, the authority in this bill lapses. Thus, we are not giving anyone a blank check. There are satisfactory safeguards in the agreement to protect our interests and there are safeguards in this bill as well.

Now, what is the purpose of the coffee agreement and what is the purpose of this bill? The purpose of the coffee agreement is to stabilize the disorderly world coffee market. Coffee is a tree crop that takes more than 5 years after planting to bear fruit, but when mature, bears fruit for 20 years or more. When prices are good because coffee is scarce, there is overplanting. In 5 years or so, when the trees bear fruit, there is a glut of coffee on the market, far more than the world wants. So prices fall sharply. Then, after years of depressed returns, farmers neglect and abandon their coffee plantations because they are impoverished, and coffee is scarce again. The history of coffee is a history of boom and bust. In this cycle of boom and bust, frost and drought also play a part, so coffee is plagued by short-term ups and downs within the longer cycle of instability. Thus, green coffee prices were as low as 7 cents a pound in 1938, as high as 93 cents a pound in 1954, 34 cents in 1962, and 45 cents currently.

This instability in coffee prices does no one any good. It is not good for the producers, for the U.S. coffee trade, or for the U.S. consumer.

The purpose of the coffee agreement is to try to bring some stability to coffee prices, to check these wild swings in price, to keep prices on an even keel.

As I stated, these wild price swings are not good for the U.S. coffee trade, and it is not good for the U.S. coffee consumers, who consume on the average about 15.5 pounds of coffee a year.

The purpose of the coffee agreement is to try to bring some stability to coffee prices, to check these wild swings in price, to keep prices on an even keel, if possible. The coffee agreement does this by adjusting exports of coffee from the exporting nations to the consumer demand of the importing nations, limiting exports when there is a glut on the market and the prices threaten to tumble; increasing exports when coffee is scarce and prices threaten to rise.

The burden of stabilizing prices falls on the producing countries entirely and not upon the importing countries. It is they, the exporting countries, that have to control exports and production. The consumer countries, that is the United States and the 20 others, have very limited obligations. All that we are committed to do and all this bill does is to help the United States monitor the flow of coffee by requiring these certificates of origin so the organization and the exporting members in particular can see who is and who is not abiding by the export quotas of the exporting countries.

That is the purpose—that is the sole purpose of this implementing bill. We require that coffee shipments be accompanied by certificates of origin. Then we pass the certificates on to the Organization. The Organization can see which exporting members, if any, are overshipping or undershipping their export quotas.

It is important to note that we are not interfering in any way with our coffee trade. Our traders are not required to purchase coffee from any particular country. They are not required to buy any specific amount of coffee. They are not required to pay any specific price for coffee. They are free to continue their established practices and patterns of trade.

Practically all of the world's coffee exporting and importing countries are members of this agreement. As I pointed out a moment ago, the exporting countries account for 97 percent of the world's exports and the importing members account for 91 percent of the world's imports. All of them, with the exception of the United States, have passed the legislation necessary to permit full implementation of the obligations under the agreement.

The United States ratified the agreement December 1963. This implementing bill will put us in the position of all the other importing members. It will enable the United States to play its proper part in helping to stabilize the world coffee market under the coffee agreement.

I know the Members of the House are interested primarily in one question, and that is: how this agreement—not this bill—but how this agreement affects the American consumer. I believe the record shows that this agreement does help the American consumer rather than injure the American consumer as some have contended.

Let me illustrate just what I mean. In 1962 when the coffee agreement was negotiated, the price of coffee was depessed. Coffee was a glut on the market and its price was 34 cents a pound. That was the lowest it had been in 13 years. Notwithstanding the agreement, prices continued to drift downward. In fact, during the first 9 months of 1963 they moved down even below 33 cents a pound. I am referring here to the New York spot market price of Brazilian, Santos 4 which is an average coffee.

Then came reports from Brazil of a severe frost, the worst drought of the century. The reports were confirmed and the importers and roasters here scrambled to increase their inventories to protect themselves against what they thought was an impending shortage of coffee. As a result U.S. green coffee inventories which had been at 3.4 million bags on June 30, 1963, rose to 4 million bags by September 30, 1963, and 4.7 million bags by the end of the year. In this scramble for coffee, the price was bid up. What action did the International Coffee Organization take under the circumstances? It did take responsible action, I think. It increased export quotas by about 3 million bags to insure our importers and roasters that the needs of the market would be met. What happened to prices? The price rise was checked. Prices receded from over 50 cents in March to their current levels of around 45 cents.

This happened in a year in which Brazilian coffee production fell to 10 million bags. That is just a quarter of what Brazil had produced in the year 1959–60.

Let us compare this experience with what happened in 1954, when we did not have this coffee agreement. In that year Brazil suffered a very severe frost. Prices skyrocketed from about 58 cents to over 90 cents a pound, and speculation in coffee here was rampant. There was no international agreement to check or to cool the speculative fever.

Today we have an agreement, a forum and a mechanism to protect the American housewife from unwarranted price increases such as did occur in 1954. Producing countries need our help when prices are falling. They do have to behave responsibly when prices are rising, as they did behave when they voted overwhelmingly to increase quotas in the International Coffee Council, largely following suggestions from the United States.

It is my considered opinion, therefore, that the coffee agreement does afford consumers protection in a tight market.

The U.S. coffee trade—that is, the people in their organization representing the importers and roasters—and others support this agreement. They know that without the agreement prices would have gone higher than they did, got there faster, and stayed there longer.

Let us look at coffee prices today. The average retail price for 1 pound of coffee is about 84½ cents. It has been at about this level for some 8 months, a price lower than the average for the past 15 years. There are not many foods for which this can be said. If we look at some of the things like white bread or potatoes, we find that they are substantially higher than their 15 year average.

If we look at the consumer price index, put out by the Department of Labor, we find the same story. In February 1965 the index for all items was 108.9. The index for all foods was 106.6 But the index for a can or bag of coffee was only 96. And this is true in a year when

world consumption is running well ahead of world production.

Thus I believe that we can be assured that there is protection here for the American consumer in a tight world market coffee situation. I believe that ought to be considered as we consider other aspects of this legislation.

We can be confident that the interests of the American housewife will be fully protected. There are adequate safeguards in the agreement—no action-fixing quotas can be taken without the approval of the importing countries, of whose 1,000 votes the United States holds 400—virtual veto power. And then there is the safeguarding clause in this implementing bill under which Congress can by joint resolution withdraw the authority granted therein when it determines that an unwarranted increase in the price of coffee has occurred.

Now, as important as coffee is to the American consumer, it is the lifeblood of many of the producing countries. Coffee dominates the economy of Latin America. It accounts for about 25 percent of the export earnings of 14 Latin countries, and in 6 of these—including Colombia, Brazil, Costa Rica, Guatemala—it accounts for more than half of their earnings. In Africa, coffee accounts for 30 to 50 percent of the earnings of seven producing countries. What happens in the world coffee market affects them profoundly.

The gyrations in coffee prices make orderly growth and development in these countries impossible. When prices are too high, there is inflation and overplanting. When prices tumble, so too do government revenues, exchange receipts, private investment, and the general level of economic activity. Trade with the United States is curtailed and increased aid is needed to bail out the producing countries.

This economic instability is not only an economic phenomenon. It has far-reaching political repercussions. In a stable economic environment, democratic institutions can flourish and grow. In an unstable economy, bouyant one year and depressed the next, fragile political institutions have no chance to take root. Economic instability means political unrest.

The producing countries need stable earnings to move forward steadily, to meet the aspirations of their people for steady growth and development. The coffee agreement will help just that. It is intimately tied up with our basic foreign policy purpose to help the low-income countries become stable and effective partners in a stable and prosperous world.

This legislation will enable the United States to protect the domestic interest and to bring a measure of stability to the economies of our good neighbors. It is of cardinal importance to the Alliance for Progress. We should act on it promptly.

To me, frankly, the important part of this whole debate in this forum and the whole issue is simply this: I do not know what I would have done had I been a Member of the U.S. Senate, called upon to ratify the agreement. The fact is that it was ratified in accordance with the provisions of the Constitution. We are a member of this agreement by that action. All in the world that this legislation proposes to do is to let us carry out the commitments which have been made, by helping to police the exports of coffee to, and the export of coffee from, the United States in accordance with that agreement. It has nothing whatsoever to do with anything except the policing of that part of the agreement to which we have taken solemn obligation. That is what is involved here. I would hope that the House would see fit to permit the Government to carry out this agreement and to help police it to this extent. Bear in mind that every one of the other 20 importing nations and every one of the other 34 exporting nations has already done what is necessary to implement this agreement.

Regardless of anything else, I would believe now that a Member would hesitate a long time before saying that he wished to go on record disapproving of legislation which is necessary for us to implement a firm international agreement, a treaty.

That is going to go forward anyway. The agreement is in existence. The agreement remains in existence. All in the world that is involved here is just the things I mentioned earlier which enable us to carry out those commitments in an orderly manner and to limit the importation of coffee from countries that are not members of the agreement when such limitation is necessary; and also to enable us to be able to report back to the Council, so that the Council can see that the exporting nations party to the greement are carrying out their quota arrangements which they have imposed on themselves. If this thing stood up by itself, I do not know what I would have done, as I said, but I know now it would be awfully hard for me to say that we should not take the action which is required when an obligation exists. This is not some obligation which the Congress made but is an obligation that the President made and that the Senate saw fit to approve. It is just as binding as any obligation we have.

We adopted one amendment to this in the committee, and it is an amendment offered by the distinguished gentleman from Montana, who is a member of our committee [Mr. BATTIN]. If you will observe, in the bill there was an authorization, as it passed the Senate, for us to appropriate moneys necessary to carry our part in the operation of this Council, but there was no dollar limit placed on it. Actually we are advised that this amount will be approximately $135,000, but we have rounded it out in the committee to say that there could not be more than $150,000 appropriated, because this will prevent, as some have charged, with regard to some of these other world organizations, the payment of the total bill from the Treasury of the United States. We thought that the House would appreciate that action, and so we adopted the amendment. We think Mr. BATTIN is right.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MILLS. Mr. Chairman, I yield myself 3 additional minutes.

Mr. MATSUNAGA. Mr. Chairman, will the gentleman yield?

Mr. MILLS. Yes. I yield to the gentleman from Hawaii.

Mr. MATSUNAGA. Mr. Chairman, I rise to establish legislative history so that the International Coffee Agreement Act of 1965, which is now before us for implementation, will not include restrictions on the export of coffee from the State of Hawaii to any foreign nation.

Mr. MILLS. It does not restrict the quantity of exports from Hawaii in any way. The exporting nations, the so-called producing members those that are primarily producers of coffee, 34 of them, agreed to place restrictions on their exports to keep the supply in line with world demand. However, the United States is included in the 21 nations importing coffee. We have not agreed anywhere to place any restriction on the raising of coffee or the amount of exports of coffee by the gentleman's State of Hawaii.

Mr. MATSUNAGA. I thank the gentleman for his comment.

If the gentleman will yield further, is it also a correct statement that it is a requirement under this legislation that every export or reexport of coffee from the United States shall be accompanied by a certificate of origin or reexport which would not be applicable to coffee exported from the State of Hawaii?

Mr. MILLS. Under the bill the State of Hawaii in exporting its coffee would accompany it with a certificate. That would be required, but there would be no limitation on production or export and no interference whatsoever with what the producers of coffee are doing in the State of Hawaii at the present time.

Mr. MATSUNAGA. The so-called certificates of origin are to be supplied by whom?

Mr. MILLS. They are supplied by the exporter of the coffee when the coffee is shipped from Hawaii to some other place.

Mr. MATSUNAGA. It is my understanding presently it is being done informally even without legislation.

Mr. MILLS. It can be done informally by agreement of the producer. Yes. There will be no real change with respect to what that producer is now doing.

Mr. MATSUNAGA. My understanding is West Germany is a party to the agreement.

Mr. MILLS. That is right. West Germany is a party to the agreement and it has already passed implementing legislation. It is one of the 21 importing nations. Next to the United States, I believe it has the next largest number of votes in the Council.

Mr. MATSUNAGA. So that without the certificate of origin, Hawaii's coffee could not be exported to Germany?

Mr. MILLS. That is true. It could not be imported into West Germany

without the accompanying certificate of export. The gentleman is right.

Mr. MATSUNAGA. The quota provisions of the treaty do not in any way apply to coffee from Hawaii?

Mr. MILLS. Not at all. There will be no quota on what can be exported from Hawaii.

Mr. MATSUNAGA. I thank the gentleman.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. FINDLEY. I note on the first page of the committee report that it appears that this legislation is an authorization providing procedures to carry out obligations under the treaty which has been ratified.

Mr. MILLS. That is true.

Mr. FINDLEY. I notice on page 1 of the bill the phrase "or until the Congress by concurrent resolution determines that an unwarranted increase in the price of coffee has occurred."

This proviso means that by resolution the Congress can set aside a treaty which has been in effect approved, does it not? I was wondering if the gentleman could explain why that was included and if it is not an unusual provision.

Mr. MILLS. This is an amendment adopted in the Senate—I am not certain who offered it, but I think it was the distinguished senior Senator from Illinois [Mr. DIRKSEN]; the gentleman will remember that last time he had an amendment that had been included by the Senate Finance Committee. This time this amendment seemed to be preferable to them. Frankly, I do not know what precise meaning the author attached to it. I would like to have the gentleman's interpretation rather than to state my own. I will say that this type of an amendment was cleared, before it was adopted in the Finance Committee, by the Department of Justice. The Department of Justice said that it was all right. The gentleman may have some question about it. I do not want to indicate here that I do have a question, since we were assured in the Committee on Ways and Means by a representative of the Department of Justice there was no legal problem.

Mr. FINDLEY. Mr. Chairman, it does seem to me that if a concurrent resolution were adopted it would have the effect of nullifying a treaty of the United States, and that seemed to me to be a rather unusual procedure.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. This legislation provides certain procedures that otherwise the Customs could not comply with unless we changed the law, such as restricting the importation of coffee through a certificate, and there are various other procedural aspects that are authorized under this enabling legislation. What the caveat, which we call the Dirksen amendment, says is this. My interpretation of it is that this implementation can only continue, or it can be terminated, if we pass a concurrent resolution. I do not think we ever would intend that we can affect a treaty itself by a resolution adopted by the House.

Mr. MILLS. I do not believe there is any doubt in the mind of the gentleman from Illinois that Congress can by this device terminate legislation the Congress passes. That is the opinion of the gentleman from Wisconsin [Mr. BYRNES], of what it was endeavored to do here. The legislation being terminated, it would be almost impossible for us to carry out the obligation we have of policing the export of coffee to the United States. We have been in the agreement and operating in the Council since December of 1963.

But we have not been able to police the operation of it.

Mr. FINDLEY. I thank the gentleman.

Mrs. MINK. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I would be glad to yield to the gentlewoman from Hawaii.

Mrs. MINK. I would like to join in the comments made by my distinguished colleague from Hawaii and express my concern about the effect of this legislation upon our foremost Kona coffee-growers. In response to the questions that my colleague asked of the gentleman from Arkansas, I wonder if the gentleman would comment as to section 3 of the bill on page 3 relating to section 2 of the International Coffee Agreement of 1962, and the definition of "coffee"?

Perhaps this would clarify the situation.

The CHAIRMAN. The time of the gentleman from Arkansas has again expired.

Mr. MILLS. I yield myself 1 additional minute, Mr. Chairman.

There is no question whatsoever, under the agreement or under the implementing legislation, and under the definition of "coffee" under article II of the International Coffee Agreement of 1962 about there being any limitation on the export of coffee from Hawaii. The only requirement—that is, under this legislation—is that when coffee is exported, say to West Germany from Hawaii as exported coffee, there must be this certificate accompanying the coffee. That is all in the world that is added. But you can double, triple, quadruple your production of coffee in Hawaii without any regard to this agreement and it has no effect whatsoever on it. You can increase your exports in the same way if you want to and you will not in any way affect or interfere with, in any way, your operations in coffee.

Mrs. MINK. I thank the gentleman for his response.

The CHAIRMAN. The time of the gentleman from Arkansas has again expired.

Mr. MILLS. Mr. Chairman, I yield myself 1 additional minute.

Mrs. MINK. Mr. Chairman, Hawaii is the only coffee-producing State in the Nation. As such, it has a direct interest in S. 701, the International Coffee Agreement Act of 1965, and the International Coffee Agreement of 1962, which this bill would implement.

Kona coffee, grown on the slopes of the Kona district of the Island of Hawaii, is a mild bean which is highly prized for its flavor. The 873 farms now producing coffee there are family farms, with most of the labor being provided by the farmer and his family.

For several years now, the coffee farmers of Kona have been struggling valiantly to keep their farms producing in the face of widely fluctuating, but usually low, coffee prices. With the help of Hawaii's State government, they are cooperatively marketing a new instant Kona coffee which has become a favorite of those who have been exposed to it in test marketing, and are seeking new specialty markets.

There is, for the first time in years, a ray of light for this small, uniquely Hawaiian agricultural enterprise.

It is all the more important, therefore, that it be afforded as benign an atmosphere as possible in which to seek economic good health.

I have studied carefully the provisions of the agreement, which seeks to stabilize coffee prices by regulating the amounts exported by the coffee exporting nations of the world. I was concerned that the Kona coffee producers might be restrained from seeking markets for their products.

However, all of the information available to me indicates that the agreement would not restrict exports of Kona coffee in any way.

When the agreement itself was before the Senate for ratification 2 years ago, the Department of State issued a memorandum by its legal adviser which said:

> The provisions of the agreement establishing export restrictions apply solely to exporting members. It is apparent from the terms of the agreement, as well as its negotiating history, that the United States will be an importing member and not an exporting member. Therefore, the system of export quotas established by the agreement will be wholly inapplicable to the United States or to any integral part thereof, including the State of Hawaii.

This was further affirmed by the gentleman from Arkansas, Chairman WILBUR D. MILLS, of the House Ways and Means Committee, in debate on the House floor on November 14, 1963, while the House was considering a measure similar to the one before us today.

He said then:

> While the exporting nations have agreed to place restrictions upon their exports, we, being an importing nation, have not agreed to place any restrictions on the export of coffee from the great State of Hawaii.

I am entirely confident, then, that the International Coffee Agreement will have no ill effects on Hawaii's coffee production.

To the contrary, I can see the possibility of benefits to the coffee farmers of my State.

They, like the coffee farmers of our Latin American neighbors, are subject to the ills of almost continually depressed prices and sudden wild fluctuations in price. The effects of continued low prices can be seen in the fact that the 873 Hawaii coffee farms in production last year marketed 6,651,000 pounds of coffee, less than half the coffee produced in the previous year.

The effect of violent fluctuations can be as graphically illustrated. In early 1964, and for a few months after the start of harvesting in July 1964, coffee prices rose considerably. Those farmers who were able to harvest early because they were situated low on the slopes on which coffee is raised in Kona were able to show a profit for the year's work and investment. However, those higher on the slopes, whose coffee takes longer to ripen, were hit by a rapid price decline—3.75 cents a pound in a month's time—so that they wound up taking a heavy loss on their crops.

The stabilization of the world price of coffee, on which hinges the price paid to our Kona farmers, thus might also mean stabilization of Kona prices.

The major impact of the bill, of course, is of wider and more international scope. The International Coffee Agreement is a 5-year commodity agreement which Congress will reconsider in 1968. Its primary intent is to at least interrupt the boom-and-bust cycle which hampers seriously the efforts of underdeveloped Latin American coffee-producing countries to achieve economic self-sufficiency and decent living standards. It does this mainly by setting export quotas.

It is hoped that this period of relatively stable prices will enable our neighbors to the south to set out on the road to self-sufficiency by undertaking economic and social planning based on a stable income from their coffee exports.

At present, 34 coffee exporting countries, representing 96.8 percent of the world's coffee exports as of 1961, and 21 importing countries, representing 91 percent of world imports in 1961, are members of the agreement. Although most of the exporting countries are in Latin America, there also are a number of the emerging African nations in the agreement. Strengthening of the economies of these countries could have an important effect in lowering the amount of economic aid which the United States supplies to them.

The United States, as the major importer, has a virtual veto over quota level decisions, as a safeguard for the American consumer.

The bill before us today would enable the United States to carry out its obligations under the agreement.

Mr. Chairman, I support S. 701 and ask my colleagues to join me in that support.

Mr. BONNER. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from North Carolina.

Mr. BONNER. Mr. Chairman, I, of course, shall support the bill. I am interested in the transportation phase of coffee from Latin America into this country.

(Mr. BONNER asked and was given permission to revise and extend his remarks.)

Mr. BONNER. Mr. Chairman, the primary purpose of the International Coffee Agreement is to bring a measure of stability to coffee prices throughout the world. I realize that coffee is a most important agricultural commodity in many less-developed countries and particularly in Latin America. However, I would point out that the ocean transportation of coffee from the producing countries to the United States is an integral and important part of the overall coffee picture. In this regard, it has been brought to my attention that one Latin American coffee-producing country is discriminating against U.S.-flag vessels. Other countries are now contemplating further governmental discriminatory action which, if enacted into law, will work to the serious disadvantage of our merchant shipping.

In an effort to bring an end to these discriminations, I communicated with the Department of State on January 28, 1965, and on the same day I wrote to the gentleman from Arkansas [Mr. MILLS], chairman of the Committee on Ways and Means, asking that when the International Coffee Agreement came up before that committee for consideration, that some attention be given to the subject of discriminations affecting American-flag shipping in the case of Colombia and Peru. I subsequently asked Mr. MILLS at the time of these hearings to seek assurances from the State Department so that the Congress can be sure that our State Department will continue to make vigorous efforts to bring an end to such discriminatory practices.

I am pleased to report that when the Committee on Ways and Means held executive hearings on the International Coffee Agreement on April 13, the subject of shipping discriminations was discussed. I am informed that Thomas C. Mann, Under Secretary of State for Economic Affairs, in that hearing assured the committee that the Department of State was fully aware of the situation and is working diligently with various agencies of our Government and with the foreign governments involved, to eliminate problems of shipping discriminations. It is gratifying to know that our Department of State is pursuing this matter with vigor and I can assure you the Committee on Merchant Marine will follow the matter with deep interest.

In order that the complete story of these shipping discriminations might be made available to Members of the House, I am setting forth in the RECORD copies of correspondence between myself and the Department of State and Chairman MILLS of the Ways and Means Committee:

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON
MERCHANT MARINE AND FISHERIES,
*Washington, D.C. January 28, 1965.*

Hon. DEAN RUSK,
*Secretary of State,*
*Washington, D.C.*

DEAR MR. SECRETARY: As you know, legislation again has been introduced in the Congress to implement the International Coffee Agreement of 1962.

Inasmuch as the ocean transportation of coffee from the producing areas to the United States is an important part of the overall coffee picture, it is disturbing to me to learn that some Latin American coffee producing countries are practicing or contemplating various types of shipping discriminations to the serious disadvantage of U.S.-flag vessels; and these practices rather than decreasing are becoming more prevalent.

At the present time, for example, there is discrimination being practiced by Colombia and further discriminatory practice being contemplated. Peru presently has a discriminatory decree which, if made effective, would seriously worsen the U.S.-flag position in the Peruvian trade.

I need not detail all of these malpractices. However, there is one organization of recent vintage which requires further description. ALAMAR is an advisory committee representing shipowners of nine countries in South America, of which five are signatories to the International Coffee Agreement. They presently are considering restricting the transportation of cargoes moving between the nine countries to vessels of those countries. Other discriminations against U.S. shipping are also under consideration such as port and berthing preferences. The discriminatory proposals of ALAMAR have not as yet become effective, and the American-flag operators have been and continue to work closely for their elimination with the Federal Maritime Commission and the State Department. I also know that your Department has held extended discussions with the representatives of various South American countries in an effort to eliminate all of the above discriminations.

I am aware that the elimination of shipping discriminations is not a matter which should be written into the proposed legislation implementing the International Coffee Agreement. However, it seems incongrous that countries which are signatories to the International Coffee Agreement, and as such beneficiaries under the terms of the agreement, should continue to take discriminatory action against U.S.-flag ships. Therefore, I believe it would be of great help in solving this problem if at the time your representatives appear before the Ways and Means Committee in connection with the agreement they give assurance to the Congress that our State Department will continue to make vigorous efforts to bring an end to such practices.

You will note that I am furnishing a copy of this letter to Chairman WILBUR MILLS, Committee on Ways and Means, and shall ask his assistance in this matter when the legislation on the agreement comes before his committee.

Sincerely,

HERBERT C. BONNER,
*Chairman.*

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JANUARY 28, 1965

Hon. WILBUR MILLS,
*Chairman, Committee on Ways and Means, House of Representatives, Washington, D.C.*

DEAR WILBUR: There is attached hereto a copy of a letter dated January 28, from me to the Secretary of State with reference to the International Coffee Agreement of 1962 which will be considered by your committee sometime in the near future. The letter is self-explanatory.

For years American shipping has been plagued by discriminatory laws and malpractices in some of the Latin American countries. The Department of State, Maritime Administration, and the Federal Maritime Commission have been concerned about those laws and practices, but they still continue. Among nations where such discriminations adversely affect American-flag shipping are Colombia and Peru, both of whom are signatories to the International Coffee Agreement.

My point in writing Secretary Rusk and you is to call attention to these situations and express the hope that when the coffee agreement comes up for consideration some attention will be given to the subject in your hearings and your report. Although they are in one sense separate subjects, it is ridiculous for this country to be working out fair and reasonable cooperative arrangements with

other countries who are at the some time unilaterally severely hurting us.

I would appreciate being notified when your hearings are scheduled on the International Coffee Agreement.

Kindest regards and best wishes.

Sincerely,

HERBERT C. BONNER,
*Chairman.*

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DEPARTMENT OF STATE,
*Washington, D.C., February 4, 1965.*

Hon. HERBERT C. BONNER,
*Chairman, Committee on Merchant Marine and Fisheries, House of Representatives.*

DEAR MR. CHAIRMAN: I am replying to your letter of January 28, 1965, addressed to Secretary Rusk in which you point out that some Latin American coffee producing countries have adopted or are considering the adoption of practices which discriminate against U.S.-flag shipping companies operating in that area. You suggest that these practices appear to be becoming more prevalent.

I assure you that this Department is fully aware of the difficulties to which you refer. For a number of years the Department of State has worked in the closest cooperation with the Federal Maritime Commission, the Maritime Administration, of the Department of Commerce, and with the various American-flag shipping companies serving Latin America in seeking to eliminate problems of discrimination as they have appeared, and to anticipate potential discriminatory actions before they could have harmful effects on American-flag carriers. The Department will continue its best efforts to deal promptly and effectively with these problems.

I appreciate that your reference to the difficulties, present or potential, faced by U.S.-flag shipping companies in Colombia and Peru, as well as the possible collective shipping problems posed by the Alamar program, was not intended to be comprehensive of all the current discriminatory situations we now face. I wish to point out, however, that in each of the instances you mention the Department is now in close touch with its posts in the affected countries and with the American lines with the objective of developing a positive program for dealing with these particular situations.

When representatives of this Department testify before the Ways and Means Committee in connection with legislation to implement the International Coffee Agreement they will be prepared to assure that committee of our continuing vital interest in preserving freedom of competitive opportunity for American-flag carriers in Latin America and that the Department will continue to take all appropriate steps toward the objective.

Sincerely yours,

ROBERT E. LEE,
*Acting Assistant Secretary for Congressional Relations.*

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself 5 minutes.

(Mr. BYRNES of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. BYRNES of Wisconsin. Mr. Chairman, there is not a great deal that I can add to what the chairman of our committee has presented to you by way of an explanation of this legislation and the reason that it is before us.

Mr. Chairman, our committee was faced with a situation that is quite unusual as far as our committee is concerned. We were presented with a fiat accompli as a treaty had been advised to and consented by the Senate and had been signed and was in full force and effect.

Mr. Chairman, the situation was simply, that in order to carry out the terms of that treaty and to fulfill the obligations under the treaty which the United States had assumed, we had to provide restrictions on imports into this country of coffee.

If we do not provide implementing legislation then the only thing that can be done would be for the United States to keep records of the point of origin of this coffee, and carry out its obligations on a voluntary basis rather than a compulsory basis. We have been carrying out our obligations on a voluntary basis. But the main point is we were faced with a treaty that was a solemn agreement of the United States. You could not go behind that to determine whether it was a good treaty, whether it was a sound treaty, or anything else.

The issue is not whether the treaty should have been entered into, but whether the United States should go back on its word and disregard the provisions of the treaty by an act of Congress, or an act of the committee, in not reporting out the implementing legislation. The basic effect of our failure to adopt this bill would be the abrogation of the treaty, and I do not think we in this country have come to the point where we abrogate a treaty lightly.

I reviewed this matter to see whether or not there was any reason why the treaty should be abrogated or whether it would be in our best interest to comply. I have come to the conclusion it would be in our best interest to honor our obligation. In my judgment, the conditions that exist show that it is in our best interest to comply with the treaty and to pass the legislation to implement it. I am, therefore, supporting this legislation today.

We have to look at what the objectives of the agreement were. What was intended to be accomplished by it, and what safeguards do we have it will be in our best interest?

There were two objectives in mind in entering into this agreement. I am not sure this is the way to solve the problem that was involved, but this is the course pursued by the administration and these were the objectives sought to be achieved. One was economic and the other political.

In the economic phase, the purpose was to create a greater stability in coffee markets and coffee prices as it affected the world market, and also as it affects the U.S. market, because it was recognized that the United States is one of the principal consumers of coffee in the world market.

The purpose was to develop some kind of stability and avoid these extreme fluctuations.

The other objective was political. The political objective encompasses the desirability of creating an economic stability in the coffee market because that has an impact particularly on the underdeveloped and developing countries of South America, which depend to such a high degree upon the export and marketing of coffee. We have had programs attempting to be helpful to these countries. We have tried to assist in bringing stability to them, particularly those in this hemisphere, because of its effect on us and the hemisphere. We have tried to be helpful. It was clear that one thing that was required to bring political stability was also economic stability in this area.

And you could not very well have economic stability without providing some stability to the coffee market. So that was the political encouragement for entering into this agreement. I am hopeful that the solution here proposed, the entering into this agreement, and the carrying out of our part of it, will produce the desired result.

To those who are concerned that the net result of this will be an unreasonably high price of coffee to the consumers, let me say that this arrangement provides for a participation by consumers in determining the amount of coffee that would be marketed and, therefore, in determining the prices at which coffee will ultimately sell during a particular period.

I would point out that there is nothing at all which would prevent the producing countries, that are parties to this agreement, to get together among themselves without the participation of the United States or of the other consuming countries and establish for themselves quotas on the amount of coffee that they would market and thus control the price of coffee and shoot it up sky high, and there would not be anything that we could do except to stop buying.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman.

Mr. GROSS. Neither is there anything to prohibit the farmers of this country getting together and going on strike and refusing to deliver to the marketplaces of this country.

I think that argument with respect to the coffee producers is about as illogical as any that I have ever heard.

Mr. BYRNES of Wisconsin. I think one has a little different situation here. In the first place, we have attempted in this country to solve the problem which the farmer faces, and we have done it because one of the things the farmer cannot do is control the amount that goes into the marketplace, because there are so many of them. We have approved arrangements for marketing to assist the farmer. The gentleman understands that. We also have in this country antitrust laws which would prevent entering into this kind of agreement so far as the farmers are concerned or any other producers in this country. But we cannot reach the Latin American countries or any other countries with our antitrust laws. All that I am pointing out is that they do have the opportunity irrespective of what we might do here, and so combine as to restrict the marketing of coffee and thus really force the prices up. But by this arrangement, we have a situation where it is understood both sides will sit across the table and both sides will enter into an agreement and both sides will agree on how much the market needs in any given period of time and the consumer is part of that bargaining and sits at that table. It seems

to me, there is the protection that we have. It is because of this situation, frankly, Mr. Chairman, I have come to the conclusion that there is in this legislation something to our advantage rather than our disadvantage, and I therefore approve it. First, I think it is to our advantage to the degree that we can participate in attempting to provide a stability of the economies, and the stability of the economic situation in these developing countries that are so dependent upon coffee. Unless something is done to bring some stability into the marketing of coffee, we cannot expect a stability of the political and economic situations in those countries. So this moves in that direction, and in that direction, I think, is also a benefit to the United States of America.

As far as the American consumer is concerned, I think there are certain advantages to the American consumer where he can be assured of a certain stability in coffee prices, particularly if the consumer is allowed to sit in at that bargaining table and at the conference and play a part in determining what is a reasonable level at which coffee should be marketed and what, therefore, is a reasonable price for coffee in any given period.

I believe, in the overall, that if we do not adopt this implementing legislation we in effect by our action will be abrogating a treaty of the United States. As I said at the beginning, I do not believe we should do that lightly or without real cause. So far as I am concerned, I cannot find a cause which would justify that kind of extreme action. Therefore, I shall support the legislation.

Mr. MILLS. Mr. Chairman, I yield 10 minutes to the distinguished gentlewoman from Missouri [Mrs. SULLIVAN].

(Mrs. SULLIVAN asked and was given permission to revise and extend her remarks.)

COFFEE AGREEMENT DID NOT CAUSE PRICE INCREASES

Mrs. SULLIVAN. Mr. Chairman, I am again going to vote for this bill, as I did twice in the last Congress, and I hope that this time the House will not permit itself to be frightened into defeating the measure, as was done last year on the conference bill. It is true that some very good supporters of consumer causes were among those voting against the conference bill in the House last year. I hope they have had a chance to assess since then the remote connection between this legislation and the high prices of coffee last year—prices which have now been coming down much too slowly. And I also hope they have had an opportunity to note the remote relationship of some of those who fought the bill so grimly last year with any legislation which benefits needy Americans or the poor of any other nation.

I have tried to express that thought carefully so as not to transgress House rules and not to cast aspersions on any Member or question any Member's motives. One does not, in this Chamber, point the finger at a colleague and say, "You deliberately tried to mislead the Members." So, of course, I shall say no such thing.

THE ALLEGED BRAZILIAN CROP FAILURE OF 1953–54

But when this bill was before us last August, in much the same form in which it is before us now, following the addition of some Senate amendments and the drafting of the conference report, the House was told—and many House Members were lead to believe—that the International Coffee Agreement had resulted in a deliberate holdback of coffee supplies from the market which in turn had caused a sudden skyrocketing of coffee prices in the United States.

What were the facts? Brazil had suffered an almost catastrophic injury in 1963 to its coffee trees in its main producing area. The much-publicized fires had not done much damage; the damage came primarily from a severe frost following an extended and extremely serious drought. When Brazil told the world that its coffee crop had been ruined, as it did in late 1963, I remembered that it had told us the same story in exactly the same way just 10 years before that—in late 1953, during my first year in the House. In early 1954, I reported to the House that I suspected the alleged shortage was a possible hoax, and it turned out that I was correct.

After I had raised the possibility of a hoax being perpetrated on the American consumer by exaggerated Brazilian reports of complete destruction of the coffee crop, President Eisenhower a week later assigned the Federal Trade Commission to make an investigation. Nearly 6 months later, a comprehensive FTC study of speculation in coffee futures on the New York Coffee & Sugar Exchange confirmed the existence of a conspiracy to create a shortage which did not actually exist. This fake shortage of 1954 sent prices zooming to levels never reached before or since—90 cents a pound for green coffee at dockside, compared to a still comparatively high level today of just half of that amount.

THE 1963–64 CROP DISASTER WAS REAL

Naturally, when the 1963 reports of complete crop destruction in Brazil began to influence coffee futures quotations in this country, I again suspected Brazilian exaggeration of the damage and an attempt at creating another fake shortage. This time, however, the facts were much different: qualified investigators from our Department of Agriculture made on-the-spot studies of the crop damage and reported that while not total, the damage was almost as bad as Brazil had indicated. American roasters, fearing the worst, bid strenuously for the very small supply of new crop Brazilian greenish coffee which is most desired for American blends, and the price increases reflected this spirited competition for supply.

But countermeasures were taken by consumers and also by roasters. More blends began to feature Colombian coffee, and some well-known brands switched over to 100 percent Colombian coffee instead of a mix of Brazilian and Colombian. There was plenty of African coffee available, and thus there was a sharp acceleration of the trend begun by consumers in 1954 toward instant, or soluble coffee.

Furthermore, although Brazil kept insisting that its 50 million bags, of 132 pounds each, of old crop coffee in its warehouses contained very little coffee suitable for American tastes, roasters were able to find and buy a good deal of it and use it successfully. But because the spot price in this country is usually quoted in terms of Santos 4's, and most of the trading on the futures exchange is in contracts for this same type of coffee, the tremendous surge in published price quotations for the standard Brazilian grade created a pulling power for the entire coffee market, and the retail price of canned coffee to the American consumer went from the 50 to 60 cents per pound level to the 90 cents to a dollar level.

This reflected a spurt in green coffee prices from 32½ cents a pound to around 55 cents, before the roaster competition for scarce new supplies eased off. Demand slackened considerably, however, because the roasters had accumulated large inventories of green coffee during the buying spree. The current quotation for Santos 4's is 45½ cents, at the average price of all imported coffees is about 36½ cents.

RETAIL PRICES WENT UP FAST BUT CAME DOWN SLOWLY

The Department of Agriculture last year, while confirming the extensive crop damage in Brazil, established that the trees themselves were not ruined—that they would recover and bear good harvests in the coming 1965–66 crop year and thereafter. This, plus assurances by the USDA that more of the coffee in storage in Brazil was good quality coffee than the Brazilian Government itself had been willing to admit, helped to dampen down the fever in futures speculation and bring some balance back to the coffee market.

But consumer prices, which moved upward very fast in 1963–64 on news of the probable shortages of Brazilian new crop coffee have been receding much too slowly since the market eased. Roasters have cut their prices with extreme reluctance, and retailers as a rule have waited as long as they could to follow suit.

This is the true story of what happened to send coffee prices booming upward last year. Any connection which this development had with the signing in 1962 of the International Coffee Agreement, or its ratification by the Senate as a treaty in 1963, or the debates in House and Senate over the implementation legislation in 1963 and 1964 was purely coincidental. But one would not have thought so to hear some of the attacks on the Conference bill here last fall. A majority of the Members of the House, including many who had voted for the bill the previous November, voted against it and defeated it, presumably because of charges that the agreement had raised coffee prices and hurt the consumer.

COFFEE AGREEMENT BECOMES A POLITICAL ISSUE IN THIRD DISTRICT

My Republican opponent in the campaign last fall used as his main issue—just about his only issue—my vote in favor of this legislation. He handed out

thousands of packages of coffee to voters as a symbol of what I was supposed to have done to raise coffee prices. Each little package of coffee he gave away was supposed to represent the reduction in the quantity of coffee the consumer was able to buy for the same money as a result of the operations of the International Coffee Agreement and, therefore, of my action in voting for the legislation to implement that agreement, even though the legislation had not passed.

Of course, it was a phony argument. But many Members here feared just such attacks last fall when they voted against the conference bill. If any of the Members are worried about the possible gullibility of the American voters in falling for phony consumer issues—and I stress the word phony, Mr. Chairman—then I call their attention to the campaign in the Third District of Missouri. My opponent spent a small fortune in giving away free coffee to publicize my vote on this legislation. But only a handful of voters ever asked for my explanation. Most of them assumed, from my record, that I would never vote for legislation intended to create artificial shortages of coffee and raise prices unfairly to the American consumer. Furthermore, they could readily see the justice of the objectives of this program in assuring stable marketing conditions for a product on which the economies of so many Latin American countries are so utterly dependent.

One of the groups which did ask me for enlightenment on my vote on this issue, the St. Louis League of Women Voters, thereupon studied the entire record of this legislation and the agreement, and have officially endorsed the passage of this bill, and have thanked me for supporting it last year.

LEGITIMATE DOUBTS ABOUT MERITS OF STABILIZATION AGREEMENTS

So I say to my colleagues, Mr. Chairman, do not fear any demagogic political attacks upon you for voting for this legislation. For the International Coffee Agreement does not do and has not done what its opponents have charged. Politically motivated attacks based on alleged concern for consumers will fall flat for they are not based on facts.

However, those who believe sincerely that any form of international agreement to stabilize the marketing of agricultural commodities subject to periodic cycles of great surplus is a bad thing have honest reasons for opposing this bill, and I respect those reasons. Those who believe the benefits of market stabilization will go mostly to the rich plantation owners in the coffee-producing nations have a great deal of historic proof on their side. Those who feel we should subsidize Latin America's economies directly with more aid, rather than use approaches of this nature to help them to stabilize their main source of income, have a legitimate viewpoint which also deserves respect. But those who oppose this bill and then also oppose any and all efforts to help the shaky economies of our sister nations of this hemisphere, so dependent on coffee for income, are preaching an economic isolationism which is blind to the realities of the political dynamite inherent in mass hunger and misery.

PROTECTIONS FOR THE CONSUMER

Mr. Chairman, under permission granted in the House to revise and extend my remarks, I will include at the end of my remarks some of the background on the International Coffee Agreement when it was being negotiated in 1962, and the assurances I obtained at that time on the protections which would be accorded American consumers. That material will then be followed in the RECORD by my remarks here in November 1963 in proposing the Sullivan amendment to the implementation bill to assure that reliable information is made available to the President, and through him to the Congress, on the actual level of coffee prices as a result of any price movements flowing from the operation of the International Coffee Agreement.

Thanks to the chairman of the Committee on Ways and Means, who accepted my amendment on the House floor in the last Congress, this principle has been written into the bill ever since, and is contained in the language of the bill now before us. The Sullivan amendment on prices, and Dirksen amendment providing for quick withdrawal, coupled with the assurances given to us by the late President Kennedy prior to his death—assurances reiterated by President Johnson—should give us sufficient confidence that passage of this legislation will not lead to unjustified increases in coffee prices to the American consumer.

COFFEE PRICES MAY STILL GYRATE

However, there is no guarantee that coffee prices will not rise or gyrate for other reasons. Coffee futures are traded in an unregulated exchange. I have been trying since 1954—when the Federal Trade Commission first proposed it—to have legislation enacted to bring speculation in coffee futures under the Commodity Exchange Act. Until that is done, this market is subject to many influences other than the classic ones of supply and demand. Even under regulation, gyrations could occur if some of the longstanding inadequacies in the Commodity Exchange Act are not corrected.

But the International Coffee Agreement, and this implementation legislation to enable the United States to carry out its responsibilities under that treaty—responsibilities assumed with the advice and consent of the Senate—will not and cannot lead to victimization of the American coffee consumer unless all of the consuming nations represented in the International Coffee Council were to agree to such a thing, and unless our President were to abdicate his powers and neglect his duties, and unless the Congress went to sleep, and everyone permitted the coffee producing nations to use the agreement in order to manipulate supplies without regard to the interests of the consumer nations.

Since we have abundant powers under the agreement to prevent these things from happening, they could happen only with the official connivance of the United States. I refuse to concede that such a thing would ever happen in this great country, no matter which party were in power.

BACKGROUND OF CONSUMER PROTECTIONS IN TREATY

Mr. Chairman, the background on the consumer protections written into the treaty in 1962 is contained in the following material from pages A3200–A3201 of the Appendix of the daily CONGRESSIONAL RECORD of May 21, 1963, on the day the Senate ratified the agreement as a treaty:

THE INTERNATIONAL COFFEE AGREEMENT

(Extension of remarks of Hon. LEONOR K. SULLIVAN of Missouri, in the House of Representatives, Tuesday, May 21, 1963)

Mrs. SULLIVAN. Mr. Speaker, in the debate in the other body yesterday on ratification of the International Coffee Agreement—on which a vote is scheduled for 5 p.m. today—I noted at page 8555 of the CONGRESSIONAL RECORD that a letter to me from Assistant Secretary of State Frederick G. Dutton, dated October 3, 1962, was included in the debate. This communication indicated that the American coffee consumer does not have to fear any excessive increases in coffee prices growing out of the ratification of the agreement.

I sincerely hope the State Department's optimism on this point is valid. I have always taken the position that we should help the producers to obtain a fair price for their product, but sometimes these support programs tend to control excessive price fluctuations in one direction only—that is, while going down, but never while shooting up.

Mr. Speaker, since the Department letter to me of last October is now an important piece of evidence in the International Coffee Agreement ratification debate, I would like to have the RECORD also show the reasoning which prompted me to write to the State Department last September, and my comments at the time of making the reply public in the Appendix of the RECORD for last October 5, as follows:

"WILL PROPOSED INTERNATIONAL COFFEE AGREEMENT PREVENT EXCESSIVELY HIGH AS WELL AS EXCESSIVELY LOW PRICES?—EXTENSION OF REMARKS OF HON. LEONOR K. SULLIVAN, OF MISSOURI, IN THE HOUSE OF REPRESENTATIVES, FRIDAY, OCTOBER 5, 1962

"Mrs. SULLIVAN. Mr. Speaker, as one who has always tried here in the Congress to reflect the consumer point of view, I have, however, never opposed fair treatment for the farmer in assuring decent prices for the food he produces. The consumer is not benefited in the long run if prices to the producer of food are so ruinously low as to drive the farmers off the farm.

"Similarly, while I have vigorously opposed the recurring—and sometimes successful—attempts to boost prices of coffee to the American consumer on the basis of fake shortages or rumors of shortages, I would certainly not want to give the impression that I think the Latin American producers should not be helped to get fair and reasonable prices for their coffee. Far from it.

"The unconscionable speculative price increases of January 1954 did not have much chance to help the individual coffee grower; the subsequent collapse of the wholesale price 6 months later, after the disclosure of the market excesses and irregularities, hurt the coffee grower very much, however. Thus, violent upswings in prices are a problem to both consumer and producer, just as depressed prices are a problem, particularly when the economy of a whole country rests heavily on just one commodity.

"With this in mind, Mr. Speaker, I wrote to the Secretary of State last month asking what provisions were being included in the proposed international agreement on coffee which would protect the American consumer—who forms the main market for Latin American coffee, and who is also the individual who is going to have to pay for most of

the cost of any stabilization agreement—what provisions were included to protect our consumers against unconscionable price increases, in case today's surpluses should conceivably turn into tomorrow's shortages. There are circumstances under which such a thing could happen, of course.

"WHAT PROTECTION FOR CONSUMER AGAINST RUNAWAY PRICES?

"Mr. Speaker, I think the correspondence is self-explanatory. We all remember during price control days in this country that while it was politically possible to put a floor under farm prices, it became almost impossible politically to put any effective price ceilings over them once circumstances drove these prices from far below parity to way above parity. I had that in mind when I addressed the following letter to the Secretary of State on September 13:

"CONGRESS OF THE UNITED STATES,
"HOUSE OF REPRESENTATIVES,
*"Washington, D.C., September 13, 1962.*

"The Honorable DEAN RUSK,
*"Secretary of State, State Department,*
*"Washington, D.C.*

"DEAR MR. SECRETARY: Ever since I raised an alarm over runaway coffee prices in the United States in 1954, setting off a Federal Trade Commission investigation which disclosed widespread evidence of speculative price excesses and futures trading irregularities, I have been attempting to keep in touch with developments in this field which might foreshadow possible gouging once again of the consumer. Just recently, I called the attention of the House, and of the housewives of the country, to a news report from Barzil implying that some frost damage to the new crop would, or might, result in higher coffee prices in the United States. I warned that any wholesale or retail price increases based on such a scare story would be utterly unjustified, in view of the tremendous stocks of coffee on hand.

"My purpose in writing to you is to do two things: first, to assure you and your aides that my concern is directed primrally at unwarranted increases in coffee prices based on false reports and speculative excesses, rather than on any opposition on my part to any reasonable international program for stabilizing coffee prices at prices which are fair to both producers and consumers; and, secondly, to ask what safeguards are being written into the proposed international agreement which would serve to protect the American consumer in case crop controls and other measures should result in inordinately high prices to the American consumer.

"We have long followed a policy in this country of encouraging reductions in farm production when prices are ruinously low, so I do not subscribe to the idea that any attempt to stabilize coffee prices for Latin American producers is necessarily a disservice to the American consumer, particularly if it should mean any substantial improvement in incomes and living conditions for the people of Latin America, and thus a reduction in the amount of aid we would have to give there.

"On the other hand, it has been the sad experience of the American consumer in both World War II and Korean war days that after having gladly cooperated in building a floor under farm prices, the consumer was denied any effective ceiling over those same prices once inflation became virulent. I fear that if a stabilization program should be adopted for coffee, it would require our consumers to support the idea of a floor under coffee prices, but would give them no protection over excessive increases if unexpected circumstances should precipitate sharp increases in price.

"Perhaps this matter has already received departmental consideration, and the necessary safeguards have been included in the draft agreement. If so, I would be glad to know about it. If not, I certainly trust some proviso is included to permit reasonable restraints on excessive price rises as well as on excessive price declines. Since we are the biggest customer-country involved in the negotiations, and since the American consumer will largely pay for the international stabilization program in terms of higher prices for coffee in the stores, I think our consumers are entitled to the kind of consideration I have outlined.

"May I have your thinking on this?

"Sincerely yours,

"LEONOR K. (MRS. JOHN B.) SULLIVAN,
*"Member of Congress, Third District, Missouri.*

"Mr. Speaker, I have now received a reply to this letter from Assistant Secretary Frederick G. Dutton outlining the provisions of the proposed new agreement which could possibly operate to protect the American consumer in case of sudden inflation in coffee prices.

"I think this information will be highly useful to us in assessing the desirability of Senate approval of the agreement. If the safeguards here outlined do not appear strong enough, perhaps we can then take whatever steps might be necessary to assure adequate protection for the American consumer.

"SAFEGUARD PROVISIONS IN PROPOSED AGREEMENT

"I again want to make clear, as I have tried to do in all my past discussions of coffee prices, that I favor helping the coffeegrowers, particularly those on family-sized acreage, to obtain a fair price for their product. A cup of coffee would taste bitter, indeed, if it represented starvation returns for the men and women who raise and gather the beans. But excessive speculative price increases in the commodity exchanges must also be prevented, and any runaway inflation in coffee prices, no matter how improbable such a thing might seem at the moment, is something our consumers must nevertheless be protected against.

"Mr. Speaker, the State Department reply to me on this issue was as follows:

"DEPARTMENT OF STATE,
*"Washington, October 3, 1962.*

"The Honorable LEONOR K. SULLIVAN,
*"House of Representatives.*

"DEAR MRS. SULLIVAN: I want to thank you for your letter of September 13, 1962, addressed to the Secretary, with regard to the new international coffee agreement which is now before governments for consideration. I am sorry that our reply is somewhat tardy; our workload in the closing days of this Congress has been exceptionally heavy.

"At the beginning I want to say that the officials of this Department concerned with the coffee problem are sincerely appreciative of the constructive view you have taken in this matter. Accordingly they want me to assure you that they have been mindful throughout the long negotiations with foreign governments that our first duty is to protect the American consumer. The advisory committee appointed by the National Coffee Association to work with the State Department during the negotiation of the new coffee agreement has, of course, always maintained that the U.S. consumer must be protected in any coffee agreement. Toward this common objective we have managed to secure a number of provisions in the new agreement which should fully protect our interests.

"Before describing these specific provisions, it is noteworthy that the tremendous stocks of coffee now held by Brazil and Colombia would seem adequate assurance that no substantial advance in green coffee prices could be sustained in the foreseeable future. Stocks are also building up in some African countries, and present productive capacity everywhere is in excess of any likely demand over the next 5 years. Thus the supply and demand situation as presently known argues against any marked increases in coffee prices.

"The new international coffee agreement does not have any specific price objective in the sense that it will endeavor to maintain prices for the various kinds and qualities of coffee at certain cents-per-pound figures. It does provide that through the fixing of quotas, the members agree on the necessity of assuring that the general level of coffee prices does not decline below the general level of such prices in 1962. We consider this price objective a realistic one in view of the burdensome stocks overhanging the market. In the light of the price trend it is also a reasonably modest one, as coffee prices have been declining steadily in recent years. During the first 8 months of 1962 the price of Brazilian coffee averaged about 34.3 cents a pound, compared with 36.6 cents in 1960 and 48.4 cents in 1958. The decline set in immediately after 1954, when you will remember the severe frost damage in Brazil resulted in prices averaging 78.7 cents per pound.

"Consumer protection against any unwarranted price increases is assured by a number of specific provisions in the agreement. Probably the most important are the provisions relating to the establishment and adjustment of export quotas. Export quotas are intended to control the amount of coffee that may be made available to the market by the producing countries during a given period, and thus they directly influence the price. The agreement provides that all decisions on the establishment and adjustment of export quotas shall be taken by a distributed two-thirds majority vote, i.e., a concurrent two-thirds majority of the importers and exporters voting separately. As the United States has 400 votes this in effect gives us a veto power over decisions of the Council. We would to make the veto effective need only one other importing country voting with us. The number of votes held by it would be of no consequence as we alone have more than one-third, but it was felt desirable to provide that one country alone could not exercise a veto. We cannot conceive of any situation in which the United States advocated a veto where we could not persuade at least one other importer of the merit of our position.

"In addition to the voting provisions of the agreement with regard to export quotas, two other provisions are noteworthy, in that they specifically recognize the undesirability of marked changes in coffee prices for whatever reason, and provide for corrective action under voting procedures which are easier to attain than the standard procedure of a distributed two-thirds majority. These two provisions are quoted below for your information.

"'(5) All members recognize that marked price rises or falls occurring within brief periods may unduly distort underlying trends in price, cause grave concern to both producers and consumers, and jeopardize the attainment of the objectives of the agreement. Accordingly, if such movements in general price levels occur within brief periods, members may request a meeting of the Council which, by distributed simple majority vote, may revise the total level of the quarterly export quotas in effect.

"'(6) If the Council finds that a sharp and unusual increase or decrease in the general level of prices is due to artificial manipulation of the coffee market through agreements among importers or exporters, or both, it shall then decide by a simple majority vote on what corrective measures should be applied to readjust the total level of the quarterly export quotas in effect.'

"In the unlikely event that unforeseeable circumstances might arise in the administration of the agreement which would operate against the interests of our consumers or our coffee trade, the United States could always withdraw from the agreement. It is provided that any government, after September 30, 1963, may withdraw by giving

written notice, such withdrawal to be effective 90 days after notification. As the agreement would collapse without our participation, this possibility is the final assurance that our views on the operation of the agreement must be respected.

"If I can be of any further assistance in furnishing information please do not hesitate to let me know.

"Sincerely yours,

"FREDERICK G. DUTTON,
*"Assistant Secretary."*

Finally, Mr. Chairman, I submit, under unanimous consent, the explanation I gave in the House on November 14, 1963, for the Sullivan amendment on coffee prices which was added to the bill at that time and which is still in the legislation now before us. The material referred to is as follows:

AMENDMENT OFFERED BY MRS. SULLIVAN

Mrs. SULLIVAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

"Amendment offered by Mrs. SULLIVAN: On page 2, line 17, after the word 'distribution', insert 'prices'."

Mr. MILLS. Mr. Chairman, will the gentlewoman from Missouri yield?

Mrs. SULLIVAN. Yes.

Mr. MILLS. Mr. Chairman, during the course of the general debate the gentlewoman from Missouri pointed out the fact that she would offer the amendment at the appropriate time. I advised the gentlewoman then, as I recall, that I would have no objection to the amendment and that I would urge it be adopted.

Mrs. SULLIVAN. I thank the gentleman from Arkansas.

Mr. Chairman, as I explained during general debate on the bill, H.R. 8864, as reported, calls upon the President to report annually to the Congress on the operation of the International Coffee Agreement, including, and I quote, "full information with respect to the general level of prices of coffee." Such reports are called for in order to give the Congress a basis on which to decide whether continued U.S. participation in the international agreement is to our national interest, and whether the consumer is being properly protected against unwarranted increases in prices.

Elsewhere in the legislation, in section 2, paragraph 3, the President is authorized to require the coffee trade to keep such records, statistics, and other information, and to render to him such reports, relating to the importation, distribution, and consumption of coffee as he may from time to time prescribe. However, it should be noted that whereas the President "shall" submit to the Congress a full report each year on all aspects of the operation of the agreement, including full information with respect to the general level of prices of coffee, the section of the bill giving him authority to require the rendering to him of relevant information by the trade does not make any mention of his right to require information on prices. Certainly he should have that express authority if he, in turn, is to report to the Congress on this vital phase of the agreement's operations.

The international agreement is intended to achieve a stable floor under prices at about 1962 levels. However, we have a right to fear that under unforeseen circumstances, quota restrictions could also lead to a sharp rise in prices well above 1962 levels. So we have a right to know—the President has a clear duty to find out—what is happening to prices at any time during the life of our participation in the agreement.

Now the question might be asked, Mr. Chairman, why it should be any problem for the President, or any one else, to ascertain the prices of coffee. Presumably anyone could find out by reading the financial journals each day, or looking at the published daily information from the New York Coffee and Sugar Exchange. But it is not that simple.

As my Subcommittee on Consumer Affairs of the House Banking and Currency Committee has learned in connection with our study of sugar, the published daily spot price of a volatile commodity is not necessarily—not at all necessarily—the actual price at which importers are buying the commodity. The spot price represents only the price at which some sugar, for instance, comes into the country on a particular day—or will come in some weeks or months hence. But huge quantities are purchased on a fixed price basis which just does not show up in the published daily quotations.

Coffee futures are gyrating now in response to rumors, expectations, possibilities, and a great deal of speculative fever. A seat on the Coffee and Sugar Exchange sold a few days ago for $8,500, up $1,400 from the last previous sale. Futures speculation can certainly influence price—as we found out earlier this year in sugar—but it does not necessarily set the price at which most of the commodity is actually sold. Incidentally, this is not a federally regulated exchange.

Mr. Chairman, in carrying out his responsibilities to Congress and to the American people under the International Coffee Agreement, the President of the United States should have the clear-cut authority to obtain full and exact information, rather than be restricted to the bits and pieces of price information which may be fed out by the trade to suit its own purposes. This amendment gives him that authority. I urge its adoption.

Mr. JOELSON. Mr. Chairman, will the gentlewoman yield?

Mrs. SULLIVAN. Yes. I am glad to yield to the gentleman from New Jersey.

Mr. JOELSON. Mr. Chairman, I want to compliment the gentle lady for a very persuasive statement. I happen to be one of the people who first supported this legislation and then changed my position because I was afraid that there would be a rise in the price of coffee as a result. Having heard your statement today, I am convinced these fears are groundless and I am glad to be able now to support this legislation.

Mrs. SULLIVAN. I thank the gentleman.

Mr. CURTIS. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, under authority previously granted in the House to insert additional remarks in the RECORD, I insert my additional views that are in the committee report on this matter:

ADDITIONAL VIEWS OF THOMAS B. CURTIS ON THE COFFEE AGREEMENT

I am reluctant to recommend this legislation to implement the International Coffee Agreement. As I stated in my supplemental views to H.R. 8864 of the 88th Congress, the use of a Government-sponsored cartel to stabilize coffee prices will not in the long run benefit the producing countries it is primarily intended to assist. It will certainly impede increased productivity in coffee production, processing, and distribution to the detriment of the investor, the worker, and the consumer.

In addition, the coffee agreement will discourage countries whose economies are based largely on this one commodity from moving forward to the much needed diversification of their economics.

This technique of political decisionmaking is the antithesis of the use of marketplace, properly regulated, to produce economic decisions. The United States has developed the high standard of living of its people by the use of the regulated marketplace mechanism. It is a shame that we should be undermining rather than promoting this economic philosophy abroad.

The administration has, however, set its course on a different basis. Administration spokesmen agree that the theory of the coffee agreement is unsound economics, but defend it on the ground that it is necessary for immediate international political and social reasons. Congress is confronted with a fait accompli, in that the administration has succeeded in putting the International Coffee Agreement into effect for the past 2 years. This has been done without this enabling legislation through administrative improvisation.

Under these circumstances Congress is somewhat compelled to acquiesce in enabling the administration to carry out its theories and legitimatizing what it has done. The bill requires that the administration report back yearly on the operation of the agreement, and the agreement itself will be reviewed by Congress in 1968. We can only hope that the administration's short-range theories may prove to be useful, even if unsound in the long run.

I would like to advise the House that the Government's bureaucratic decision to supplant the marketplace mechanism has been confined by this administration to the coffee agreement. Regretably, it has not been so confined. Instead, this expedient one-time device is another precedent which is likely to be used to support future actions of a similar nature. Instead of promoting abroad the best tradition of American economic practice, we seem to be copying the debilitating economic techniques that flourished in the interwar period. We are putting new wine into old bottles.

Mr. Chairman, I would like to supplement those views to some degree. In commenting on the gentleman from Iowa's [Mr. GROSS] observations that committee hearings were not available, I want to express regret. There were hearings and we had executive sessions, and the hearings were transcribed. I think it was more of an oversight, certainly it was not intentional. They should have been printed and available. But I have a copy of the transcript here and I hope this transcript will be printed and made public.

I think we have to recognize that what we have before us really is just one more instance—and I emphasize one more instance—of a Government-sponsored cartel agreement. This is very inconsistent on the part of an administration under President Kennedy before, and now President Johnson, which talks in terms of liberalizing trade, to move to the most regressive form of trade limitations.

I know the administration does not like to hear the name cartel, but this is what it is clearly, dividing up the market under Government sponsorship. The ones who are really carrying out the agreement, let me assure the House, are the private people engaged in this coffee operation.

The gentleman from Ohio [Mr. BROWN], in his discussion on the rule, made some most important points. They were quite well taken, I thought, pointing out who benefits from this.

Mr. Chairman, I am starting out as if I am opposing the bill itself. I wish I

were in that position. I voted for this the first time it came out and then I voted against the conference report for a very simple reason. We had been told by the administration when the matter was first presented to the Committee on Ways and Means, that this enabling legislation was necessary in order to put the treaty into effect and the Committee on Ways and Means responded and so did the House and it was passed. Then it was sent over to the other body, and month after month after month, passed. Finally after many months, I do not know how many, it came back to the House in conference, only at the tail end of the session of the Congress when there was not the opportunity to fully consider the matter.

The point that I raised in conference was that if this was so necessary why had the administration dawdled. I questioned how they had implemented this treaty. I raised those same questions at the recent hearings. They said they really did not implement the treaty. But the answer is that they really did. This is another one of these so-called voluntary agreements that seems to be one of the key weapons used by the Johnson administration to carry out Government policy in economic matters.

I would like to call attention of the House to an article written by Dr. Arthur Burns appearing in the Harvard Business Review of the April-May issue. I put it in the RECORD yesterday. It appears on page 9838. Here Dr. Burns is talking about wage-price guidelines; that is, voluntary wage-price guidelines. He makes a very fundamental point, that these so-called voluntary agreements are really not voluntary.

The force of the Federal Government coming in makes these so-called voluntary agreements a method of thwarting competition they result in a drag on economic growth. In other words, they amount to wage and price fixing.

I would add, Mr. Chairman, they wink at the antitrust laws. This is the essence of the international agreement on textiles which this administration sponsored, again an international cartel. This is the thrust of the Canadian-United Statse auto treaty which the Committee on Ways and Means has under consideration. This procedure is going directly opposite to the basic trade policies of this country and certainly is the opposite of our traditional emphasis on the private marketplace, properly regulated by Government through our antitrust laws and other laws to protect the consumer and to provide for competition.

So, Mr. Chairman, this coffee treaty has been implemented by this kind of backward agreement using the power of the Federal Government in effect moving in to bring about "voluntary" arrangements.

Mr. Chairman, as I say in my supplemental views, although the administration recognizes that this is bad economics, they have argued that it is necessary for international political, and social reasons. The administration defends it on this ground. Congress, in effect—and I am reading from my remarks—is confronted with a fait accompli in that the administration has succeeded in putting the International Coffee Agreement into effect for the past 2 years. This has been done without this enabling legislation through administrative improvisations. Under these circumstances, Congress and I, as a member of the loyal opposition, am somewhat compelled to acquiesce, I argue, in enabling the administration to carry out its treaties and legitimatizing much it has done, as much as I disagree with the basic policy.

Mr. Chairman, this bill requires that the administration report back and we can only hope that my views on the economics are not sound, arguing against myself, and that possibly the administration's short-range policies may be productive. But I do say that I agree with the administration and with Secretary Mann when he said that there are social and political reasons involved here that warrant me to say to my colleagues that I am going to vote for this bill with reluctance. I think short sighted administration policies have contributed to create this situation.

Mr. Chairman, I believe the policies we are following are wrong. These are the policies that have created the difficulties in South America and Latin America and which have helped to establish one-crop economies, such as that of Cuba. The situation which exists today in Cuba is to a large degree the result of our Sugar Act and another international cartel sponsored by the Government, encouraging Cuba to remain a one-crop economy.

Incidentally, Mr. Chairman, a study of the history of Cuba back in the 1890's and 1880's will show that Cuba then had a fairly diversified agricultural economy. The emphasis of this administration on voluntary agreements the interests equalization tax, is another example of the same thing—Government by men and not by law—the administration sent a message up saying it was recommending that an interest equalization tax be put in effect, a tariff wall against American moneys being invested in foreign securities, and then immediately printed the forms to enforce this tax before Congress even had an opportunity to enact such a law.

Mr. Chairman, this brought about another example of the voluntary agreement, a further extension of the tax not by law but by "voluntary" agreement. But note the techniques of the administration here of Government action, action without congressional approval.

Then putting the Congress in the embarrassing position of not backing up the United States itself in these obligations if we do not go along with these acts.

There is the voluntary agreement on oil imports, and the voluntary agreement in connection with textiles in the International Textile Agreement.

We see also in this legislation a further deterioration in the problem of balance of payments. Let us not kid ourselves about that. This is going to hurt our balance of payments. One of the arguments for the International Coffee Agreement is to help the balance-of-payment problem of Brazil, and these other coffee exporting countries, to the detriment of the U.S. position on balance of payments.

The same thing is true of the impact on the American coffee consumer, as has been pointed out. This would result in increaesd coffee prices. It is designed to do that because it is trying to get more money over to these Latin American countries.

The administration is pursuing a double course here. The Ways and Means Committee has a bill under consideration at this very time to cut back on the amount a tourist can bring in duty free from $100 to $50, to help our balance of payments. In other proposals the administration is trying to hit at the private sector which provides the strength in our balance-of-payments situation. At the same time it exercises no discipline as far as its own investments are concerned. We are asked to increase the amounts to be spent on foreign aid, not decrease them. This House has passed a $700 million increase for the Inter-American Bank and $1 billion for the International Monetary Fund, which is Government capital investment, replacing in many instances, I would suggest, private investment which is at the base of our basic and strong world position.

In so many ways this bill demonstrates and brings to a head some of the basically inconsistent policies that this administration is following in international economics. It is tragic, in my judgment, that the Congress is put in this position today, or the House, where we have to go along with something that many of us feel is unsound economics and contrary to the basic principles by which this Nation had become strong. Yet because of the reckless actions of the administration in committing the Nation itself, without waiting for proper action on the part of the Congress, in asking the Congress to legitimatize what it has done and to back it up in the commitments it has made.

I do want to make a concluding remark. It seems to me that the use of the technique that has been employed by the Executive many times in the past in having executive agreements instead of treaties, when the subject matter deals with trade is preferable, then the House which is deeply involved in trade policy through our tariff laws would be able to express its judgments in a timely and orderly manner. Trade matters should not be matters for the treaty technique requiring just the action of the other body. Trade issues should be presented to the House so that it can study and debate the issue. We should be involved—the process in connection with the Canadian-United States automobile treaty. If the administration is going to come to the House to implement these trade treaties, which operate in the field of economics, it should do so initially through the executive agreement route which requires action of both Houses, majority action of both Houses of the Congress not piecemeal—the first part,

policy, through the treaty technique with just Senate approval, then the second part, the implementation, which requires action of both bodies.

Mr. MILLS. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. HANNA].

(Mr. HANNA asked and was given permission to revise and extend his remarks.)

Mr. HANNA. Mr. Chairman, I thank the chairman of the great Committee on Ways and Means for this time.

I should like to bring the attention of this House to the broader prospect of this bill. To those of you who have not read today's Wall Street Journal, I hope you will do so and look at a particularly interesting article on the right hand corner of the front page entitled "Poor Nation's Plight." It raises the very important question about the position of the poorer nations in terms of their balance of payments. But it also brings back in prospect what our long term interest is. I hope you will look on this legislation in terms of what it means to our long term interests as a very vital manufacturing industrial nation looking for markets.

We are engaged in programs such as the Alliance for Progress in which we hope we can find self-help in friendly, underdeveloped nations. Many do not have the ability to develop the dollars that give them the oportunity to do their part on these programs. How in the world can we hope to switch from pure aid and bring into a partnership arrangement the capabilities of these countries when we are not willing to help them do what they can with the products they now produce. I suggest to you, gentlemen, it has been the history of all nations that they build their industrial complex and their commercial complex out of what they can drag out of the ground and this means either farming or it means minerals. That is the position of our friends, particularly Latin America.

I bring to the attention of the House that coffee exports count for more than 50 percent of all the exports in 6 Latin American countries and an average of 25 percent in all 14 Latin American exporting nations.

About 20 million persons in the world depend on coffee for their livelihood and more than 60 percent of them are in Latin America.

Now, I do not look on this legislation as foreign aid. If you care to do so, I will not argue that with you. But this is more rationally serving a mutual goal; that is, to bring into being a stabilizing influence in a basic commodity—No 1. No. 2, to recognize a more commonsense principle that is now very uncommonly entertained and that is that, if the growing and thriving industrial nations are going to continue their expansion, they will have to seek and find markets in the countries of the world that produce the very basic materials out of which we support our processing and manufacturing activities.

Now, after all, gentlemen, that only represents two-thirds of the people of the world. That only represents 100 nations. I think we can well take some time to turn our attention to our long-term interest in that two-thirds of the world's people and 100 nations of the globe. I should also suggest that, if we are interested in sharing the benefits of an emerging better life in this world, and if we feel our interest is involved in the stability of those areas of the world where erupting controversy is opportunity for communistic exploitation and thus becomes our problem—if we are interested in these things, then we are interested in a program such as is envisioned in this legislation.

The industrially developed nations cannot have all the sugar on the stick. If we are to realize our potential for growth, we must have growing new markets. We found in America that the farmer could not buy the city goods unless there were some stability and fairness in the market and price of agricultural produce. We must apply this lesson on the world scene. This is only a small exposure of this problem which will be discussed in the well of this House many times in the near future. Some of the sugar or usable wealth must be on the bottom of the stick for the 2 billion deprived people who are not yet participants in the market for industrial goods and services.

It reminds me of the story of the Pied Piper of Hamlin. The basic moral behind that story is that there are certain problems for which you are going to pay the price in one way or the other. You can sit down and intelligently and controllably dicker with the Pied Piper at the time when you can see the solution for a reasonable cost. Or you can wait until it becomes a crisis and it is then a tragic solution you have before you. You have no choice and you are in a tragic situation.

It would seem to me, it is time for this country and all countries vigorously to deal with the Pied Piper of these world problems at a time when we can do something about it that makes sense rather than in a crisis when we have to solve them on the basis of tragedy.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. BROYHILL], a member of the committee.

Mr. BROYHILL of Virginia. Mr. Chairman, it has been 2 years since the Senate gave its advice and consent to the ratification of the International Coffee Agreement. The United States is a full member of that agreement, having ratified it in December 1963. But the United States is still not in a position to make its membership fully effective. It is a matter for regret that we are the only importing member of the agreement not able to carry out all of our treaty obligations. This bill will remedy the matter. It will give the President the powers he needs to comply with the agreement.

The powers authorized in this bill are really quite limited. They enable the President to require certificates of origin on imports of coffee from member countries, so that the Coffee Organization can have a full record of the source and flow of coffee in world trade, and they enable the President to limit imports of coffee from nonmembers if this should become necessary. Nothing in this bill would require our coffee trade to buy from any particular country, to pay any particular price for coffee, or to buy any specified quantity of coffee. Our trade is free to continue its established practices. And this bill protects the American consumer. The powers and duties conferred by the bill are to be exercised by the President so as to protect the interests of U.S. consumers; and the annual report to be submitted by the President will include a summary of the actions taken by the United States and the Organization to protect these interests.

The purpose of the coffee agreement is to bring some stability to world coffee trade. Coffee prices fluctuate wildly. Within the last 15 years green coffee prices have been as low as 32 cents a pound and as high as 93 cents a pound. These fluctuations do no one any good. They are seriously disruptive to the economies of the producing countries, especially in Latin America; they are disruptive to the U.S. coffee trade; and they bring no lasting benefits to the ultimate consumer. The purpose of the agreement is to narrow the range of fluctuations, to cut off the peaks and troughs, and keep prices on a reasonably even keel. And the way it seeks to do this is by supply control—limiting exports when supply is in excess of demand and increasing exports when demand rises. The burden of stabilizing the coffee market falls on the producing countries. It is they who have to retain coffee when supply is excessive and release it when supply is tight. Our function in the agreement is to help them police themselves, by requiring certificates of origin so that the Organization can monitor the flow of coffee and detect quota violations. And our function is also to insure that the agreement is operated to protect our consumers.

Although the agreement has been in effect for only about 2 years, it has already proved its value to consumers. The steep drop in Brazilian production following severe frost and drought caused prices to rise sharply last year. As importers and roasters rushed to stock up. By raising the export quotas some 3 million bags, thus ensuring the market that its need would be met, the agreement was able to check the price rise and in fact to reverse it. The price of Santos 4, a typical coffee, is now 45 cents, down from 50 cents last March; substantially above its depression low of 34 cents in 1962 it is true, but well below the average of the last 15 years. There is no speculative fever and importers are confident that they can secure ample supplies to meet their needs. This was not the case in 1954 when severe frost in Brazil caused prices to skyrocket from about 58 cents to over 90 cents a pound and speculation was rampant. There was no agreement then and no opportunity for consuming countries to ensure responsible behavior by the producers. So long as we have a voice in the agreement and in fact a virtual veto, we can be confident that the agreement will protect our interests and prevent

any unwarranted increase in coffee prices.

The producing countries need this agreement to protect them from the sharp gyrations in price and income that make planning and development impossible. When prices are too high, they suffer from inflation. When in the next round, prices plummet, so too do their exchange earnings, their government revenues, and their domestic income. And when their revenues fall, they curtail their purchases from the U.S. market, and we have to bail them out. Stable returns that grow as consumption grows is their objective, and it is ours as well. This agreement is a key element of the Alliance for Progress. We should give it our full support and enable the United States to do its part to stabilize world coffee trade.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from Florida [Mr. MATTHEWS].

Mr. MATTHEWS. Mr. Chairman, I want to thank the distinguished chairman of the Committee on Ways and Means for granting me this time.

I want to say that I am in favor of this legislation, as I have favored it when it has come before the House on previous occasions.

Mr. Chairman, I am favoring this legislation in the first place because it is a part of the foreign policy of the President of the United States. I, for one, have confidence in the foreign policy of our President, and I believe we ought to give him this legislation because it is helpful particularly in the area of our Latin American relations.

I have not traveled as extensively, perhaps, as some of my colleagues, but I have traveled in South America.

I believe these great nations want trade and not aid. I believe these great nations want us to help them to make their own way. They do not want aid handed to them on a silver platter.

Mr. Chairman, last year as a member of the Committee on Agriculture I had the honor of sponsoring an amendment to Public Law 480 which promoted more food-for-work projects throughout the world. If I had my way—and I believe I speak the sentiment of all of us—we would give every person who wanted to work an opportunity to work. I sincerely believe this legislation will enable our sister republics in Latin America to create more jobs for their people and better care for their own economic needs.

I say it is an integral part of the foreign policy of the United States and it is for that reason that I favor this legislation.

I am told that just a 1-cent change in a pound of green coffee in price could well mean $50 million to the Latin American nations and perhaps $65 million to all the coffee-producing nations of the world. So I repeat, it is a part of our foreign policy to help our friendly neighbors to help themselves; and it is for that reason that I think this legislation ought to be passed.

Then in the second instance, Mr. Chairman, as the committee so cogently points out in this report, in their view it is in the best interests of the consuming public of the United States. I listened with appreciation to the address by the gentlewoman from Missouri a few minutes ago. I remember back in the first Congress that I had the pleasure of belonging to, the 83d Congress, she stood here in the well of the House and she pointed to the coffee-scarcity scare which she said was a hoax. She pointed out that the price of coffee had zoomed to 90 cents a pound, as I recall—the price of green coffee. In some restaurants you could get a cup of coffee for 5 cents, and then the price went up to 10 cents. In restaurants where you could get a cup of coffee for 10 cents it went up to 15 cents. And in those restaurants where they had been paying 25 cents for coffee, the price went up to 35 cents. And in some of those restaurants those prices have not been reduced to this day.

The American consumer paid billions of dollars more—and I sincerely believe that this would be supported by research—the American consuming public paid billions of dollars—imagine that—just because of this coffee-scarcity scare.

Last year we had another coffee scarcity scare. Last year prices began to zoom. The production in Brazil had plummeted from 44 million bags in 1959–60 to about 10 million bags this year. Once again there was a scarcity scare. But we had the International Coffee Agreement. And what happened? The price of coffee was stabilized at about 45 cents a pound for green coffee; futures about 40 cents a pound, and the coffee that you buy to take home costs about 84.4 cents a pound can. This price is below the average cost for the last 15 years.

Mr. Chairman, these are facts to indicate, in my opinion, beyond all shadow of a doubt, that because of this agreement and because of this legislation that implements that agreement, the American consumer is going to be best served, and I plead with our colleagues who are interested in the consumer, as we all are—and many of you voted against this legislation the last time we considered it in the House, because you believed it was bad for the consumer—I suggest to you that I believe we can prove to you that it is good for the consumer. Of course, no one can tell with 100-percent accuracy what is going to happen. Nothing is certain except death and taxes, and yet, as so many gentlemen have pointed out, if by concurrent resolution we decide that this legislation is a failure, it can be negated by the Congress.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I have listened attentively to the statements that have been made and I believe I have an item of news for the coffee consumers in Wisconsin, northern Virginia, Florida, and Arkansas, and that is that coffee prices have already been stabilized at artifically high levels.

Mr. Chairman, I have another small item of news for the gentleman from Florida [Mr. MATTHEWS] who sits before me on the mourners' bench.

Mr. MATTHEWS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Florida.

Mr. MATTHEWS. May I move to the amen corner, sir?

Mr. GROSS. Yes, I would be glad to have the gentleman do just that because when the consumers of coffee in Florida and elsewhere talk to the gentleman, and other supporters of this bill, they ought to be on the amen bench as well as on the mourners' bench.

Mr. Chairman, the gentleman from Florida talks about trade-not-aid with South America. The Finance Minister of Brazil—he was the then Finance Minister—came before a subcommittee of the Committee on Foreign Affairs of which I am a member, not so many months ago seeking some $200 million. When I suggested to him that we trade our handout wheat for Brazilian coffee, he threw his hands in the air in protest and came half way up out of his chair.

Why cannot we trade wheat for coffee? Because he said, they have to have our dollars. They are not going to trade coffee for wheat. They are not going to trade anything else for coffee as long as they can get foreign giveaway money while they bilk the consuming public of this country, and you here today will be assisting in that bilking of the consumers if you pass this bill.

Mr. Chairman, some of the proponents of this bill try to say that coffee prices have not increased. I want to call up one of the best witnesses on this House floor to attest the fact that coffee prices have increased. The witness is the gentleman from Arkansas [Mr. MILLS].

On May 27, 1964, the gentleman from Arkansas [Mr. MILLS], asked unanimous consent to consider the bill, H.R. 4198, to amend the Tariff Act to provide for free importation of soluble and instant coffee. At that time I reserved the right to object. I do not ordinarily do that but I did on this occasion. I asked the gentleman from Arkansas if that bill would have the effect of increasing the price of soluble and instant coffee. The gentleman's answer was in the negative. There followed this colloquy, which I quote in part:

> Mr. GROSS. I would say to the gentleman from Arkansas that the International Coffee Agreement has worked in reverse insofar as American consumers are concerned. We have seen nothing but increasing prices of coffee to consumers.
>
> Mr. MILLS. I must say in connection with the gentleman's statement that I have been somewhat disappointed in the developments that have occurred since the House did act on this legislation implementing this coffee agreement. The price of coffee has gone up. We were told in the committee—

And, parenthetically, I suppose I can attribute this to the State Department—

> we were told in the committee that the agreement itself could not go into effect until the implementing legislation was passed. But I find that even though the other Body has not passed the legislation, they are operating as a practical matter under the treaty as though the treaty had been implemented.

So, Mr. Chairman, the price of coffee has gone up as a result of this agreement,

and I am sure that the gentleman from Arkansas is not going to quarrel with that statement.

Now, I wonder where and when all of this newfound concern for producers? Last year, hogs were selling for $12 per hundred to the farmers in Arkansas.

There was a surplus of pork in this country, and the low prices to farmers reflected that surplus. There was also a huge surplus of coffee last year in the coffee-producing countries but instead of reduced coffee prices the U.S. Government permitted the international coffee cartel to limit imports to this country and otherwise control the flow of coffee thus maintaining the high prices.

I reiterate, how the hearts of some people bleed for the consumers of this country until it is decided by some of those in high places to gouge them for the benefit of others, especially the poor, downtrodden coffee barons.

I did not hear anybody rise on the floor of the House and cry about how the producers in Arkansas were being punished. You weep about wild price fluctuations as they affect the coffee producers of some foreign land, but who is doing anything about prices paid to farmers in Arkansas, Virginia, Wisconsin and Florida? Anybody? The farmers of Iowa get 25 cents a dozen or less for eggs, probably less in Arkansas where they produce more. Who is complaining about the prices the farmers are getting in Arkansas for their eggs today?

Why all this new-found concern for the South Americans in the matter of coffee prices? The gentleman from Massachusetts [Mr. O'NEILL] properly described this bill when he discussed it under the rule and said it was just another foreign aid bill. Of course it is.

Only a short time ago many of you in this House, certainly a majority, stepped up and turned loose another $700 million of our taxpayers' cash for the Inter-American Bank. How much more do you want to do for these people? They have hundreds of millions of dollars coming to them in the foreign aid bill that will be on the floor of the House in the next 2 weeks. How much more do you want to bilk the consumers of this country in order to provide foreign aid for the South Americans? And I might ask in passing, where are these South Americans today in the matter of fighting and dying that is going on in the Dominican Republic? Where are they?

This International Coffee Agreement, stripped of excess verbiage, means controlled exports and higher revenues to foreign coffee-producing nations. In turn, this can only mean continuing high and perhaps even higher coffee prices to American consumers. In effect, it puts a floor under coffee prices, but no ceiling. The price to Americans, who consume half of the coffee sold in the world, can and will be anything the traffic will bear.

I have fought this legislation in every way I know how, and for a variety of reasons. In the first place, it gives sanction to an international cartel. Even before adoption of the legislation the Coffee Council in London, headquarters for the cartel, fixed the volume of export quotas for coffee-producing countries at 1 percent below estimated world consumption. This started immediate price increases, ranging from 1 to 10 cents a pound, depending on the type of coffee.

On the basis of present American consumption, every penny-per-pound increase means that this Nation's consumers cough up approximately $31 million more for their coffee. The figure may be higher. I did not get the figure that the gentleman from Florida used a little while ago and, of course, none of us have the benefit of the hearings that were held because for some strange reason they did not see fit to print those hearings.

The proponents of this measure say it was necessary to stop "price fluctuations" in foreign countries and "stabilize their economies." Their hearts bleed for foreign producers, but never do the same individuals bleed for American agricultural producers who are the constant victims of price fluctuations which contribute heavily to an unstabilized, artificial economy in this Nation.

The implementing of the International Coffee Agreement simply means that a new foreign aid program has been launched with housewives and consumers paying the bills. And this is to be superimposed upon the so-called Alliance for Progress and other programs through which hundreds of millions of dollars are already being funneled each year to the coffee-producing nations. Incidentally, this can be a beautiful windfall to the coffee barons of South and Central America.

Is there no end to the victimizing of American citizens?

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. FINDLEY].

(Mr. FINDLEY asked and was given permission to revise and extend his remarks.)

Mr. FINDLEY. Mr. Chairman, back in 1962 a good many of us voted in support of the Trade Expansion Act. I had some mixed feelings about it, but I voted affirmatively nevertheless. I would do so again today. I was impressed by the arguments offered by proponents of the act on both sides of the aisle.

The philosophy and objective of this act is to lessen the straitjacket of world trade, to reduce artificial barriers to commerce, and to make possible a freer flow not only for the benefit of the industrialized nations like ourselves but for the developing nations. It would hopefully reduce the amount of market rigging on an international basis and result in less government control of supplies and prices.

In other words, this act was intended to make possible a freer flow of commodities and services.

We now have in progress in Geneva negotiations which are aimed at carrying out the objectives of this act, and meanwhile at the very moment when these critical and very important negotiations are underway, we are enacting a proposal which on the face of it seems to work in exactly the opposite direction to the objectives of that great act of 1962.

I cannot see how we can reconcile the Trade Expansion Act with what we are attempting to do here today. I will certainly gladly yield to anyone who can reconcile these two acts. How does one fit into the other? To me they are mutually exclusive in their objectives. Have we actually turned our back on the Trade Expansion Act? Are we pulling the rug out from under the U.S. negotiators in Geneva who are seeking to reduce rather than increase barriers to trade?

I was shocked to learn from the gentleman from Iowa that assurances had been given to the subcommittee which considered the original authorization that this coffee agreement would not be carried out until enabling legislation had been enacted.

Here today, 2 years later, we still have not enacted the enabling legislation, but if I am correctly informed, the agreement has been carried out for a matter of almost 2 years.

The gentleman from Missouri [Mr. CURTIS] in his very excellent remarks said that this has been done without enabling legislation through administrative improvisation. Well, I wonder if we are wise to put our stamp of approval on this legislation simply because the administration has found a way to improvise in the interim and carry out what we would otherwise consider to be an unwise agreement to rig world markets.

I repeat my offer to yield to anyone who can reconcile this legislation with the Trade Expansion Act.

Mr. WAGGONNER. Mr. Chairman. will the gentleman yield?

Mr. FINDLEY. I am glad to yield to the gentleman.

Mr. WAGGONNER. I do not know whether it is possible to reconcile the gentleman's thinking with the Trade Expansion Act or not, but I do not think it is too difficult for anybody to realize that we are talking about stabilizing the supply and price of a commodity that we do not produce which in the end will work to the ultimate benefit, I believe, of the American consumer. We must consider in a different way that which we do not product. Now we stabilize the price of cotton that my people produce and I oppose controls when possible and the price of wheat that the gentleman's people produce and I think we all in the end benefit from that because sadly enough this is the only way to keep many farming. I think the people of this country would raise the roof off this Capitol if they ever ran out of coffee and we would get more cold shoulder and hot tongue in the morning from the wives at breakfast than most of us would want if we let coffee disappear from the American market.

Mr. FINDLEY. I would dispute the contention that the programs variously described as supply management or price control or crop control have actually acted to the benefit of the consumers, the taxpayers or the farmers. I believe in each case, and particularly in respect to the cotton program, the opposite has been true.

Certainly we do not want to get into a situation in which we cannot buy coffee. But so long as other countries produce coffee and seek markets for it, I am sure

coffee will be made available to us. We will have the best opportunity on the average, year in and year out, to get fair prices as consumers when we have access to these commodities through an unencumbered, unrigged market.

I am not suggesting that rejecting this legislation will result in a free market situation even for coffee, but it would be a healthy and hopeful step in the right direction.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I am glad to yield to the gentleman from Missouri.

Mr. CURTIS. I was rather surprised to hear the gentleman from Louisiana make his remarks, in the light of what happened to the very fine and well-developed cotton futures market, the futures market in wheat, and others, as a result of the Government moving in under this Government technique to stabilize prices. In fact, this is going backward, as many of us feel, and I believe we are going to continually hear from the consumers as a result of exactly this kind of substitution of government fiat in stabilizing prices instead of the development, regulation, and preservation of well-regulated futures markets.

Mr. WAGGONNER. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I am glad to yield to the gentleman from Louisiana.

Mr. WAGGONNER. As much as I am opposed to controls, I sincerely believe that without some sort of support for the cotton farmer today there would not be 1 cotton farmer in 100 able to put a plow in the ground and raise a crop in the calendar year 1965.

We must admit that this can be classified by some, and some have so classified it, as foreign aid legislation. If that is what it is, it is a good bit cheaper than other foreign aid programs in which we have engaged. But aside from this we must honor our commitment. If in the end the cost is raised to the consumer we can withdraw by the device provided in this bill. I believe it is worth a try.

Mr. MILLS. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. BINGHAM].

(Mr. BINGHAM asked and was given permission to revise and extend his remarks.)

Mr. BINGHAM. Mr. Chairman, first of all, I should like to compliment our great Speaker on demonstrating once again his wisdom and sense of the appropriate by selecting to serve as Chairman of the Committee of the Whole House for the debate on this legislation a gentleman—Mr. YATES, of Illinois—with such wide experience in foreign affairs. I had the pleasure of serving at the United Nations with the distinguished and able gentleman from Illinois.

I rise to support the pending bill because I feel it is of great importance as a part of a broad and statesmanlike foreign policy.

I was serving at the United Nations at the time when the coffee agreement was being negotiated and I know how long and hard the representatives of the producing and consuming countries labored to achieve an agreement which would be fair to both producers and consumers.

I was disturbed just today, Mr. Chairman, to read the lead article in the Wall Street Journal, under the following headline, "Less Developed Lands Suffer Sharp Downturn in Economic Fortunes." This unfavorable trend presents us with a dangerous situation. In the words of the distinguished British economist, Barbara Ward, the United States and other wealthy industrial powers of the West face the real possibility of "a sort of international class war of the messiest kind."

The coffee agreement which this bill would implement is a sensible step which would assist many of our friends among the developing countries to earn their way toward economic progress, rather than to have to depend on outside assistance. I know from my experience in the point 4 program of President Truman and at the United Nations that, without exception, the developing countries prefer to earn their way if they can.

Sometimes we hear it said that in our policy toward the poorer nations of the world we should stress "trade, not aid." That is perhaps an oversimplification of the problem. But some of the arguments made here today against this measure seem to represent a philosophy of "neither trade nor aid."

I hope the House will give overwhelming approval to the bill before us.

The article which I referred to from the Wall Street Journal of May 12, 1965, is as follows:

POOR NATIONS' PLIGHT—LESS-DEVELOPED LANDS SUFFER SHARP DOWNTURN IN ECONOMIC FORTUNES—LEVELS OF FOREIGN EXCHANGE, GOLD DROP AS IMPORT COSTS RISE, EXPORT PRICES FALL—SYNTHETICS CUT INTO MARKETS

(By Alfred L. Malabre, Jr.)

NEW YORK.—The economic fortunes of the world's poor nations, which only a short time ago seemed a little brighter, are taking a major turn for the worse.

Though the roots of this turnabout are largely economic, many diplomats and economists view the implications as overwhelmingly—and dangerously—political. Unless the present decline can be reversed, these analysts fear, the United States and other wealthy industrial powers of the West face the distinct possibility, in the words of British economist Barbara Ward, "of a sort of international class war of the messiest kind."

The present trend has "within it the seeds of disastrous conflict," warns Miss Ward, among others.

The recent turn of economic fortunes can be glimpsed in statistics compiled by the International Monetary Fund. A widely used gage of a country's economic well-being is the amount of gold and foreign exchange, such as dollars and pounds, it has in reserve to pay its debts to other countries. Until about the middle of last year, these reserves of the countries the IMF classifies as "less developed"—in Latin America, the Middle East, Africa, and Asia—had been mounting with vigor. The total hit a record of $10.1 billion in mid-1964, some 18 percent higher than only a year and a half before and nine times the 2-percent gain of industrial countries' reserves in the same span.

THE GAP WIDENS

The picture has changed drastically since about mid-1964, however. The industrial nations have added nearly $2 billion to their reserves, which now approximate $52 billion. At the same time, the reserves of the less-developed group not only have stopped rising, but have declined some $200 million.

To analysts such as Britain's Miss Ward, the significance of such statistics is clear: The economic gap is rapidly widening "between a white, complacent, highly bourgeois, very wealthy, very small North Atlantic elite and everybody else, and this is not a very comfortable heritage to leave to one's children."

"Everybody else" includes approximately two-thirds of the population of the earth, spread through about 100 nations; it is perhaps a sign of their increasing economic frustration that these countries generally insist they be called less developed or developing, rather than underdeveloped. "Everybody else," it should be added, is increasing in numbers at the rate of more than 2.5 percent annually, considerably above the average population growth of less than 2 percent a year in the 25 or so relatively rich nations of the world.

GAINS HARD TO MAKE

The comparative rapid population rise in the poor countries, of course, makes gains in living standards extra hard to achieve; U.N. studies show that roughly half the foreign assistance these lands get is consumed in simply maintaining living standards.

Per capita income—as good a measure of living conditions as any—is woefully low in most of these nations. In many, it is less than $100 a year, and is hardly rising; in some countries it has actually fallen in the past year. In the strife-torn Dominician Republic, per capita income, at about $240, has barely budged since 1960. In the United States, by comparison, it exceeds $2,300 yearly and is climbing swiftly.

There have been poor nations living alongside relatively rich nations since the beginning of history, of course; cyclical swings in the fortunes of the less-developed, commodity-producing nations are nothing new, either, but have reflected the periods of prosperity and recession in the industiral lands that consume raw materials. Still, the present worsening of conditions in the less developed countries comes at a time when some international economists had grown more hopeful for the longer term outlook. They were hoping, perhaps overoptimistically, that the poor countries were starting to close the economic gap left by centuries of backwardness.

Between 1960 and 1964, exports of the less-developed nations increased a full 25 percent, the IMF reports. In the same period, the average price of raw commodities—the agricultural goods and other unprocessed commodities that comprise the main exports of most less-developed lands—climbed more than 20 percent, according to the Reuters United Kingdom commodity price index.

Recent events, however, have prompted most analysts to conclude that the encouraging 1960–64 trend was nothing more than a temporary reversal of what Raul Prebisch, a high-ranking U.N. economist, calls the tendency of the developing countries "toward deteriorating terms of trade."

COMMODITY PRICES FALL

A few statistics help spell out the worsening of most poor countries' trade positions in recent months. The Reuters price index, which had been rising, has fallen about 6 percent since its 1964 high, and IMF figures show that exports of the less-developed lands have barely budged since the middle of last year. To make matters worse, the average price of manufactured goods—which the developing countries must have if they are ever to diversify their commodity-oriented economies—has not only been on the rise, but

has very recently been rising at a faster rate.

Accordingly, the healthy trade surplus of $1.7 billion annually that the less-developed nations registered as recently as the first quarter of last year has evaporated. In its place is a deepening trade deficit; in the fourth quarter of 1964, the latest period for which an overall figure has been compiled, the poor countries' imports topped their exports by $1.6 billion, on a yearly basis.

If the present decline persists, warns Mr. Prebisch, of the U.N., "the trade gap of the developing countries may reach an order of magnitude of about $20 billion by 1970."

In part, the recent turnabout reflects the growing impact of developments that long have tended to restrict the exports of developing lands.

Synthetics, for example, are cutting more deeply into demand for such natural commodities as rubber and wool. Manmade materials, in fact, account for more than a third of the increase in the developed countries' consumption of industrial raw materials in the last few years, considerably above the proportion a decade ago.

The developed countries, moerover, are sharply boosting their own production of many natural commodities traditionally purchased from less-developed areas. As a result, the industrial countries not only are becoming more self-sufficient, but also are taking commodity business away from less fortunate lands. At present, roughly 60 percent of world exports of primary materials are from developed countries, up from 47 percent 15 years ago.

In addition to such intensifying long-term pressures, several very recent developments are conspiring to curtail economic progress in less-developed lands.

SLOWDOWNS ELSEWHERE HURT

During much of the 1960–64 period of improving fortunes in many backward countries, the economies of most industrial nations—the poor lands' chief customers—were expanding swiftly. Industrial output in the six-nation European Common Market spurted nearly 10 percent a year during the period. Recently, however, the growth of many industrial countries has slowed; for example, industrial production in France, a key member of the Common Market, actually slipped a bit in a recent 12-month period.

The impact of such a slowdown on the exports of most poor nations has been considerable, analysts say. Take the case of French wool imports. In the past 2 years, these imports have plummeted to about 300 million pounds a year from nearly 400 million. The decline closely parallels a recent drop in French production of worsted yarn, the finished product in which much of the raw imported wool is used.

Dissension among many of the developing countries is adding to the recent pressures on their commodity exports. Late last year, for instance, six major cocoa producers signed a pact agreeing to hold down their cocoa sales, in an effort to push up sagging cocoa prices. But no sooner was the pact in effect than some of the countries began violating it, selling their beans, as one New York commodity trader puts it, "behind the backs of the other five." Result: Cocoa prices have skidded by about a third since last October when the agreement supposedly went into effect.

SOME SUCCESSFUL PACTS

Not all efforts to forge commodity agreements have failed as dismally as the cocoa producers' attempt; somewhat more sucessful arrangements have been worked out for such commodities as wheat, coffee, and tin. In addition, most developing nations have launched a series of discussions, through a unit of the U.N. aimed hopefully at establishing broad measures to bolster commodity prices. After almost a year of sporadic discussion, however, the U.N. talks have produced little more than windy press releases.

In some recent instances, developing countries have acted with downright hostility toward one another, and this has hurt their export earnings. Example: As part of its war against rubber-producing Malaysia, Indonesia has been selling rubber at cutrate prices; this price attack, analysts say, has badly hurt the financial reserves of both Asian countries.

On top of other problems, it is increasingly evident that many developing countries, particularly new African nations, suffer from a gaping lack of marketing know-how.

Analysts cite the apparent absence of storage planning prior to the unsuccessful cocoa pact. "Apparently, nobody gave any serious thought to warehousing facilities in which to store beans to be held off the market," the aforementioned commodity trader says. "Adequate storage facilities in the producer countries simply don't exist, and this undoubtedly prompted some of the violations of the pact." The six countries are Nigeria, Ivory Coast, Cameroon, Togo, Ghana, and Brazil.

SWIFT RISE IN DEBT

The magnitude of the poor lands' economic predicament is suggested by the swift rise of their debt burden. About a third of the financial assistance these countries receive currently from industrial nations is eaten up servicing foreign debt, compared with only 8 percent in 1955.

Not only have many developing countries been borrowing far beyond their means, analysts say, but less of the assistance being provided is in the form of grants. Grants make up some 70 percent of U.S. aid to these countries, down from about 90 percent early in the post-World War II era. The total foreign debt of the developing nations currently exceeds $30 billion, up from $10 billion in 1955, and, at current lending rates, aid officials estimate this debt load will reach $90 billion in another 10 years.

"Loans to developing countries haven't always been made wisely, according to their needs and ability to pay," contends a U.N. economist. "Rather, all too often they have been made simply to facilitate the exports of the particular industrial country's manufactured products."

Cocoa-producing Ghana is among the less-developed countries in distress. Ghana officials in recent months have been desperately attempting to borrow hundreds of millions of dollars from the United States and other Western powers with scant success. The funds are needed, according to various reports, to help the African country meet its rapidly mounting debts. Ghana's reserves of gold and foreign exchange are believed to have dropped to about $25 million, down from $209 million as recently as the start of 1963.

BELT TIGHTENING IS DIFFICULT

According to traditional rules of international commerce, the way out of such financial straits entails a large dose of belt tightening. Typically, this involves curbing domestic consumption to trim imports and, at the same time, working hard to boost exports—much as the United Kingdom is attempting to do at present.

In the opinion of most analysts, however, what possibly works for a developed country such as the United Kingdom can't normally succeed in backward economies.

"You simply can't apply the traditional rules of the game to these sort of countries—they're not in a position to compete, and won't be for generations," says a National Industrial Conference Board economist who specializes in the economic problems of developing lands. "The standard of living is still so low that there's a limit to what can be accomplished through customary stringent measures."

Mr. MORSE. Mr. Chairman, I rise in support of S. 701. In effect this measure has been pending before the Congress ever since the Senate ratified the International Coffee Agreement 2 years ago in May 1963. For one reason or another it has not yet been implemented by statutory action by the Congress. It is high time that we did so.

The principle before us today is an important one. Here is a genuine opportunity for the United States to declare, in a concrete way, our support for the stabilization of one of the most important markets for Latin American and African nations. And we can now do this without harming the consumer in our own country. In my judgment the bill before us today is a better bill than those we considered in 1963 and 1964.

Protection for the U.S. consumer is explicitly given in sections 2, 4, and 5. In section 2, S. 701 limits the effectiveness of the implementing legislation to 1968, "or until the Congress by concurrent resolution determines that an unwarranted increase in the price of coffee has occurred." In section 4 the President's power is directed to be exercised "in the manner the President considers appropriate to protect the interests of U.S. consumers." In section 5, the report of the President to the Congress is required to include a summary of the actions the United States and the International Coffee Organization have taken to protect the interests on U.S. consumers.

These protections coupled with the U.S. voting weight in the International Coffee Organization surely provide the guarantees asked by many Members of Congress and many consumers.

While the U.S. consumer interest is clear and well defined, the interests of the United States in the stability of Latin American nations are less clear to many in our country. As we enjoy our coffee we do not often think that it is the lifeblood of millions of Latin American people. Six countries earn more than 50 percent of their export earnings through coffee. This figure averaged 25 percent for all 14 coffee-exporting nations in Latin America. This dependence on coffee is all the more acute when we consider that the coffee-growing process is full of economic and climatic uncertainty. The average crop takes from 5 to 10 years to mature. In times of high prices more trees are planted. When bad weather or a change in the market forces makes these plantings failures or surplus, the entire economic stability of a nation can deteriorate drastically. We have seen the drastic consequences for Brazil of a series of poor harvests.

It has been argued that the stabilization of coffee prices through the mechanism of the International Coffee Agreement discourages necessary economic and agricultural diversification. I respectfully disagree. Even diversification requires capital. If coffee prices plummet and cause acute shortages of capital, diversification cannot occur. What is needed is both the stabilization of prices and the recognition on the part of

the coffee-producing nations that the benefits of this stabilization must be channeled into diversification.

I am happy to see that this process is taking place. In Colombia for example, the Inter-American Development Bank, in cooperation with the fund for development and diversification of coffee-growing areas and numerous producing elements, has begun a program for diversification.

Under this program family coffee farms will be transferred to production of livestock and other crops. It is hoped that within 2 years the program will include 20,500 hectares of marginal coffee plantations. The program includes funds for the purchase of materials, equipment, seed, fertilizer, and other items needed by farmers to develop other types of agricultural production in formerly marginal coffee areas. Technical assistance is also part of the program to eliminate unproductive coffee production, increase output per hectare and improve employment possibilities in the affected areas.

In my judgment a program of this nature represents good sense on the part of the coffee producer who is represented through the National Federation of Coffee Growers, the Departmental Committee of Coffee Growers of Caldas; the Colombian Institute of Agrarian Reform—INCORA—and the other participating groups. It shows that stabilization is not incompatible with diversification. And it demonstrates that the political wisdom of many Latin American countries is far more advanced than the credit given it in our own country and elsewhere.

It is true that the concept of an international group controlling output and importation of a product is contrary to our traditional free trade principles. But it is also true that many of the same people urging the defeat of an international agreement on coffee are the same who urge the creation of international agreements regarding other commodities to protect domestic industry and production. In short, I think that there is a far greater community of interest between the northern and southern portions of the Western Hemisphere than we generally admit.

Our failure to provide the necessary implementing legislation for this agreement has been a source of embarrassment to the United States, and needlessly so. Time has permitted the improvement in the vehicle of our approval but it has not mitigated the need.

The House of Representatives can no longer escape our responsibilities. This legislation, in my judgment, affords us with an opportunity to demonstrate our determination to play a major role in the exercise by the United States of the leadership of the forces of freedom throughout the world.

Mr. REUSS. Mr. Chairman, I rise in support of S. 701, to approve U.S. participation in the International Coffee Agreement.

Since I have had doubts as to the value of commodity agreements, I should like to indicate briefly what they are and why I nonetheless believe that U.S. participation in the coffee agreement is needed at this time.

I have several reservations on international commodity agreements.

In the first place, both importing and exporting countries joining in world commodity agreements may be misled into thinking that their particular interests can be advanced beyond what is in fact possible.

For example, in the case of coffee, U.S. consumers may think that an international agreement will assure them an ample supply at all times and at low prices. On the other hand, Brazilian and Colombian producers may believe that the same agreement will assure them stable incomes at all times at high prices.

Neither objective could be entirely satisfied. It is not in the nature of an international agreement to be able to offset crop failures due to weather, the inability of producing countries to control output, production outside of the quota system, or fluctuations in demand.

Any one of these factors or a combination of them could cause big swings in output, prices, and incomes.

To prevent such swings and to maintain any predetermined balance of interests between consumers and producers, costly production control and price support programs may be necessary. This would not be economically or politically feasible on a worldwide scale. As we have learned in the United States, such programs are not only very expensive but they give rise to further problems such as what to do with surpluses, or about shifts into substitute commodities.

Second. Commodity agreements as a way of financing economic development have disadvantages for both developed and developing countries. The largest producer of a commodity may not be the one most in need of development assistance. The largest consumer of a commodity may not be the one most able to finance economic assistance. Instead of relying on narrow specialties for export earnings, developing countries need to place greater emphasis on economic diversification and the expansion of a wide variety of exports. The developed countries should expand public and private investment in the poorer areas in ways that assist that diversification instead of encouraging one-crop economies.

I still hold these reservations on international commodity agreements generally. But I believe that the coffee agreement deserves support for three reasons:

First. At the United Nations Conference on Trade and Development held in Geneva in the spring of 1964, the poorer countries placed great emphasis on commodity agreements as a way of narrowing the growing gap between the rich and the poor. They said that promises on the part of the rich to give foreign aid, or to buy the output of their infant manufacturing industries, were not enough. They argued that the rich must be willing to buy commodities like coffee and other tropical products, which are the only sources of export earnings that many poor countries now have.

This position of the poorer countries is one which we cannot in justice ignore. However imperfect the results of commodity agreements, we must use them when they can reasonably be expected to safeguard the export earnings of poorer countries. It would not be morally or politically defensible to ask the poorer countries to tighten their belts still further while the rich debate the best ways to contribute to economic development.

Second. The coffee agreement holds some promise for success. The United States is the world's largest consumer of coffee. Our participation in the agreement would, therefore, do much to stabilize world demand. At the same time, our voting strength in the agreement will assure safeguarding U.S. consumer interests. Brazil, a friend and neighbor, the major world producer, has demonstrated its capacity and desire to assure an adequate supply of coffee to world markets. Close cooperation between the United States and Brazil should, therefore, yield results desired by both countries. This is especially the case since 97 percent of all coffee exports will be covered by the agreement.

Third. United States participation in the coffee agreement is essential for the success of the Alliance for Progress, a major foreign policy program of this country. Our rejection of the agreement would be viewed by Latin America as U.S. rejection of the Alliance. And there would be strong justification for this view. A sustained drop of 1 cent in green coffee prices means a cut in Latin American export earnings of some $50 million per year. If, through our failure to participate in the coffee agreement, we discouraged stable production and encouraged unwise dumping, the Alliance would suffer a major blow. I think it worthwhile to do everything possible, including participating in the coffee agreement, to avoid such an outcome.

Mr. CLEVELAND. Mr. Chairman, I studied the report on S. 701, to implement the International Coffee Agreement, and have listened with great attention to the debate. I have weighed the matter carefully and, although I realize the pressures under which we are considering this bill, I am unable to support it.

While the International Coffee Agreement may alleviate a short-term situation, it is not, in my opinion, in the best long-range interests of any of the countries involved.

I oppose price-fixing and unnecessary restrictions on the operation of a free market, which are imposed by this Coffee Agreement. It seems to me that the international cartel which is created under the agreement and which is supported by our Government serves only to fasten the big coffee interests of Latin America upon the necks of the peons. By rigging prices and controlling the international coffee market, we lock the coffee-producing countries into continued dependence on coffee as the major source of national income. We make it infinitely more difficult for them to diversify their economies and get them away from such total dependency upon coffee.

The agreement, furthermore, is anti-consumer. I am sick and tired of hearing the constant refrain from this administration about its concern for the consumer. This concern is unsubstantiated in fact or deed and this agreement and this legislation to carry it out mean high coffee prices for American consumers.

On that ground, as well as the ground of the bad foreign and economic policies it represents, I shall vote against the bill. We ought to be advocating instead of international cartels of great economic interests, a return to the regulated discipline of the marketplace by which our democratic strength and prosperity was created.

I think of the familiar television ad run by one of the big producers of coffee. It features the life and work of a Colombian fieldhand called Juan Valdez and most Members probably have seen it. I say it is time we came out on the side of Juan Valdez and not the plantation owner and time that we came to the defense of the American consumer as well.

Mr. MATSUNAGA. Mr. Chairman, I rise in support of S. 701 and to establish legislative history for the record so that the International Coffee Agreement Act of 1965 now before the House will not be interpreted to impose restrictions on the export of coffee from the State of Hawaii.

Mr. Chairman, although not too well known, Hawaii is the only State in the Union which grows coffee commercially. Hawaii's famous Kona coffee is known the world over for its flavor and aroma. Much of it is exported to European countries. In 1965 total production was valued at $3,980,000. While Kona coffee has commanded premium prices even above those of the high quality coffee of the Central American countries, its price is necessarily controlled by the price levels on the world market. The implementation of the International Coffee Agreement as proposed by S. 701 will mean that the coffee industry of the world will be stabilized by international coordination of production and marketing policies. It should, therefore, serve to the benefit of the Kona coffee growers in my State of Hawaii.

Mr. Chairman, shortly after the International Coffee Agreement was signed, I had the occasion to inquire of the State Department what effect it will have on the export of coffee from Hawaii to foreign countries. A legal opinion was rendered by the State Department's legal adviser on April 8, 1963.

This legal memorandum stated that the International Coffee Agreement will not impose restrictions on the export of coffee from Hawaii for the reason that the export quotas established in the treaty are applicable only to exporting members, and the United States is named only as an importing member.

Mr. Chairman, I urge the enactment of this implementing legislation on the basis of this understanding: that Hawaii's coffee industry including its exports will in no way be restricted by quota or in any other manner upon enactment of this legislation.

The CHAIRMAN. There being no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

S. 701

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "International Coffee Agreement Act of 1965".

SEC. 2. On and after the entry into force of the International Coffee Agreement, 1962, and for such period prior to October 1, 1968, as the agreement remains in effect, or until the Congress by concurrent resolution determines that an unwarranted increase in the price of coffee has occurred, the President is authorized, in order to carry out the provisions of that agreement—

(1) to regulate the entry of coffee for consumption, or withdrawal of coffee from warehouse for consumption, including (A) the limitation of entry, or withdrawal from warehouse, of coffee imported from countries which are not members of the International Coffee Organization, and (B) the prohibition of entry of any shipment from any member of the International Coffee Organization of coffee which is not accompanied by a certificate of origin or a certificate of reexport, issued by a qualified agency in such form as required under the agreement;

(2) to require that every export or reexport of coffee from the United States shall be accompanied by a certificate of origin or a certificate of reexport, issued by a qualified agency of the United States designated by him, in such form as required under the agreement;

(3) to require the keeping of such records, statistics, and other information, and the rendering of such reports, relating to the importation, distribution, prices, and consumption of coffee as he may from time to time prescribe; and

(4) to take such other action, and issue and enforce such rules and regulations, as he may consider necessary or appropriate in order to implement the obligations of the United States under the agreement.

SEC. 3. As used in section 2 of this Act, "coffee" means coffee as defined in article 2 of the International Coffee Agreement, 1962.

SEC. 4. The President may exercise any powers and duties conferred on him by this Act through such agency or officer as he shall direct. The powers and duties conferred by this Act shall be exercised in the manner the President considers appropriate to protect the interests of United States consumers.

SEC. 5. The President shall submit to the Congress an annual report on the International Coffee Agreement, 1962. Such report shall contain full information on the operation of such agreement, including full information with respect to the general level of prices of coffee. The report shall also include a summary of the actions the United States and the International Coffee Organization have taken to protect the interests of United States consumers. Such annual report shall be submitted not later than January 15 of each year. The first such report shall be submitted not later than January 15, 1966.

SEC. 6. There are hereby authorized to be appropriated from time to time such sums as may be necessary to carry out the provisions of this Act, including the necessary expenses and contributions of the United States in connection with the administration of the International Coffee Agreement, 1962. The amount of the contributions of the United States to administer the agreement for any period shall not exceed 20 per centum of the total contributions assessed for such period to administer the agreement.

SEC. 7. The joint resolution of April 11, 1941, entitled "Joint resolution to carry out the obligations of the United States under the Inter-American Coffee Agreement, signed at Washington on November 28, 1940, and for other purposes" (19 U.S.C. 1355 and 1356) is repealed.

Mr. MILLS (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered as read, and be printed in the RECORD at this point, and be open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: Page 4, line 4, after "agreement" insert ", nor shall such amount exceed $150,000 for any fiscal year".

The committee amendment was agreed to.

AMENDMENT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINDLEY: On page 4, after line 12, insert the following:

"SEC. 8. This Act will not become effective until the President makes a determination and reports the determination to the Congress that, in his judgment, it will not result in an unwarranted increase in coffee prices to United States consumers."

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I will be glad to yield to the gentleman.

Mr. MILLS. Mr. Chairman, I have conferred with the gentleman from Illinois and also with the gentleman from Wisconsin [Mr. BYRNES]. I find no reason to object to the gentleman's amendment and I am perfectly willing to accept it.

Mr. FINDLEY. I thank the gentleman.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I will be glad to yield to the gentleman from Iowa.

Mr. GROSS. What is an unwarranted price increase? Can the gentleman give us some indication of that?

Mr. MILLS. Mr. Chairman, will the gentleman yield to me on that point?

Mr. FINDLEY. I will be glad to.

Mr. MILLS. The gentleman from Illinois is using the language in his amendment which was used in the Senate amendment that we referred to in the course of the general debate on page 1, lines 8 and 9. That amendment refers, in connection with providing the Congress the authority to nullify this act, should we decide that an "unwarranted increase in the price of coffee" occurs. The gentleman from Illinois, I assume, is using language to conform with that Senate amendment in his effort to see that there is this finding before it goes into effect.

Mr. FINDLEY. That is correct. I realize the word "unwarranted" is open to interpretation and varied definition.

Even though I believe this amendment will make the bill a better bill, it still does not make it a good bill.

However, I think the amendment is in the public interest. We should take every opportunity to call attention to price problems confronted by consumers. This would require the initiative and affirmative action of the President in making a determination that unwarranted consumer price increases would not result if this legislation is carried into effect. I would hope he would interpret the word "unwarranted" as meaning any further consumer price increases. I realize I cannot bind him to it, but to the best of my ability I would like to make this definition legislative history.

Mr. MILLS. If the gentleman will yield further, I think it is perfectly proper for us to do what we can in connection with this legislation further to emphasize the concern we have that in the process of operating within this agreement, our consumers here in the United States are protected to the maximum extent possible. That is what the gentleman from Illinois, as I understand it, is trying to do here in his amendment.

Mr. FINDLEY. That is correct.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, we have already had an unwarranted increase in the price of coffee. Any amendment to this bill that deals with the subject of price ought to take into consideration the absolutely unwarranted increase that has already taken place under this agreement. In passing, I would like to call attention of the House to the fact that 25 years ago, in 1939, Safeway stores in Washington, D.C., were selling two 1-pound bags of roasted coffee for 25 cents. As of last August, a 1-pound can of Wilkins coffee—pardon me for the commercial—was selling for around 91 cents or more in Washington, D.C., and that is about the price now.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes.

Mr. HAYS. What was the price of milk in 1939? Do you know?

Mr. GROSS. No; I do not. Maybe the gentleman would like to supply the figure since he is a farmer and in the business.

Mr. HAYS. I am just pointing out that the price of everything has gone up since 1939.

Mr. GROSS. I do not question that, but the increase in price has been around 20 to 25 cents a pound since this coffee agreement went into effect and that is rough when you know that a cent-a-pound increase comes to around $31 million to the consumers of this country. This amendment calls for another Presidential determination. It has become fashionable, at least in the House of Representatives, to insert in almost every bill some form of "if the President determines it to be in the national interest" or "the welfare of the nation." Why do we not decide here in the House of Representatives what is in the interest of the people instead of delegating to someone else our responsibility to make that determination? I cannot support this amendment. It is just so much more frosting on the cake in an effort to make it a little more palatable. I am not surprised that the committee accepts the amendment for it is meaningless. It does put the House on record once again of delegating its power and responsibility to the executive branch of Government.

Mr. MILLS. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, my friend from Iowa [Mr. GROSS] has referred to the fact that the price of coffee has risen. I so stated in the course of the general debate, that it had gone up. It has gone up from 7 cents a pound, I believe, in 1938, to various levels between then and now, and in 1962 the price of green Santos 4 coffee from Brazil was about 33 cents. During the course of this year because of conditions that we referred to in the discussion of the matter, conditions in Brazil such as drought and frost, which reduced the supply of coffee available for export, prices went above 50 cents a pound. I am talking about the wholesale price to the importers and the roasters. But this Council and the arrangements within the agreement, enabled us to get an increase in quota from other coffee-producing countries of the world which brought the price down from where it was.

What I have contended all along here is that this agreement will, in my opinion, protect the American consumer from this high price that occurs in the tight coffee market that we have had in the past.

In 1954 the price went above 90 cents. The same thing probably could have happened during the course of this past year had it not been for the Council working to increase the quota, requiring these countries which are members of it, to live up to their agreements to increase quotas when the importing nations wanted the quotas increased.

I would remind my friend from Iowa that even at 45 cents a pound coffee is lower today—that is, the average price of coffee—than it has been for the last 15 years. I would remind my friend again of the indexes that I used earlier in talking about the increase in prices generally from the average of 100, taken for 1957–59—that in February of 1965 for all items the index was 108.9 and the index for all foods was 106.6; but the index for a can or a bag of coffee was 96 compared to 100 at that time, 1957–59.

So in spite of the fact that we both admit that there have been increases in the price of coffee and fluctuations since this agreement has gone into effect, the situation is better today than was the average for the last 15 years.

That, I think, bears out the point that we are trying to indicate which is the virtue of this, and that is the stability that we hope to bring about and to obtain in the price of coffee as a result of the agreement.

Mr. Chairman, let me reiterate again that all that is involved in this legislation is the reporting to the Coffee Council as to where the coffee comes from so that the council itself can see to it that the countries abide by their agreements and do not violate their quotas and do not violate what they have agreed to do.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I would be glad to yield to the gentleman from Iowa.

Mr. GROSS. That is not quite all that is involved in this legislation.

The gentleman, I am sure, well knows it and by voting for this legislation, you will put your stamp of approval upon the present prices of coffee.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. That is implicit in this vote and the gentleman from Arkansas knows it.

Mr. MILLS. No; wait a minute; I do not agree with you.

Mr. GROSS. Let me ask the gentleman this question.

Mr. MILLS. That is the gentleman's contention. He has contended that all the way, that we put our stamp of approval on something. We do not put our stamp of approval upon an agreement that we are not required to put our stamp of approval upon. The Senate has already done it. It is a treaty. If we do not do this, the gentleman would have us renege or fail to carry through on a very firm commitment made in keeping with the constitutional provisions for arranging treaties.

I would think that it would be disastrous for the United States at the present time to say to the world that we are not going to carry out our treaties with these countries, all of whom are in the category of being underdeveloped areas of the world where the great problem of communism exists.

Mr. CURTIS. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I was not going to take this time but I just could not let this colloquy go by without clearing up the record.

I am sorry the chairman used these figures which we obtained in the committee, these average prices for 15 years. When the hearings are printed, I hope everyone will read them. When Secretary Mann appeared before the committee, I said, "This is the old gimmick of messing around with figures. Why 15 years?"

Because it included, by going back 15 years, the year 1954, when we had these unusually high prices on which the gentlewoman from Missouri [Mrs. SULLIVAN] commented. I said to Secretary Mann: "Certainly going back 10 years we will have a little better picture," and these full figures can be seen in the record when the hearings are printed. If we go back to 1960, before this agreement—we had really a relatively good

price stabilization for 3 years—the picture is quite different.

The consumer is going to pay more. There is no denial of that. Coffee prices have gone up. The gentleman from Iowa [Mr. GROSS] is correct.

I am supporting this legislation, as I have pointed out, reluctantly. But I do not wish this legislation to be supported on false premises. I hope the State Department and others in the administration will stick to correct economic statistics in the future and not indulge in this rigging of figures.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman from Iowa.

Mr. GROSS. Time is running out on me because my wife is going on a shopping expedition. I would like to ascertain from the gentleman from Arkansas [Mr. MILLS] where she can this afternoon in Washington buy coffee for 45 cents a pound. I want her to stock up.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman from Arkansas.

Mr. MILLS. There is a lot of confusion I think about what we are talking about. I used the price of 84½ cents a pound, which is the average price, they tell me, at retail, according to the chart I have here. But the prices I have mentioned of 33 cents, 34 cents, or 45 cents, are the New York prices of Santos 4 which is the wholesale price or the prices paid by the importers and the roasters of the coffee and not by the gentleman's wife and my wife.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. FINDLEY].

The amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. YATES, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 701) to carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes, pursuant to House Resolution 364, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

Mr. FINDLEY. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. FINDLEY. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. FINDLEY moves that S. 701 be recommitted to the Committee on Ways and Means.

Mr. MILLS. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit offered by the gentleman from Illinois [Mr. FINDLEY].

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the Speaker announced that the ayes had it.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 300, nays 97, not voting 36, as follows:

[Roll No. 101]

YEAS—300

Adams
Addabbo
Albert
Anderson, Tenn.
Andrews, Glenn
Andrews, N. Dak.
Annunzio
Ashley
Ashmore
Aspinall
Ayres
Baldwin
Bandstra
Barrett
Bates
Beckworth
Bell
Bennett
Berry
Betts
Bingham
Blatnik
Boggs
Boland
Bolling
Bonner
Brademas
Brock
Brooks
Broyhill, N.C.
Broyhill, Va.
Burke
Burleson
Burton, Calif.
Byrne, Pa.
Byrnes, Wis.
Cabell
Callan
Cameron
Carey
Carter
Casey
Cederberg
Celler
Chamberlain
Clark
Clausen, Don H.
Clevenger
Cohelan
Colmer
Conable
Conte
Conyers
Cooley
Corman
Craley
Culver
Curtis
Daddario
Daniels
Davis, Ga.
Dawson
Delaney
Dent
Denton
Dingell
Donohue
Dorn
Dow
Downing
Duncan, Oreg.
Dwyer
Dyal
Edmondson
Edwards, Calif.
Ellsworth
Erlenborn
Evans, Colo.
Everett
Evins, Tenn.
Fallon
Farbstein
Farnsley
Farnum
Fascell
Feighan
Fino
Fisher
Flood
Flynt
Foley
Ford, William D.
Fountain
Fraser
Frelinghuysen
Friedel
Fulton, Tenn.
Fuqua
Gallagher
Garmatz
Gathings
Gettys
Giaimo
Gibbons
Gilbert
Gilligan
Gonzalez
Goodell
Grabowski
Gray
Green, Oreg.
Green, Pa.
Grelgg
Grider
Griffin
Griffiths
Grover
Hagan, Ga.
Hagen, Calif.
Halleck
Halpern
Hanley
Hanna
Hansen, Iowa
Hansen, Wash.
Hardy
Harris
Harvey, Mich.
Hathaway
Hawkins
Hays
Hébert
Hechler
Helstoski
Hicks
Holifield
Hosmer
Howard
Hull
Hungate
Huot
Ichord
Irwin
Jacobs
Jarman
Jennings
Joelson
Johnson, Calif.
Johnson, Okla.
Jones, Ala.
Jones, Mo.
Karsten
Karth
Kastenmeier
Kee
Keith
Kelly
Keogh
King, Calif.
King, Utah
Kirwan
Kluczynski
Krebs
Kunkel
Landrum
Leggett
Long, La.
Love
McCarthy
McClory
McDowell
McFall
McGrath
McVicker
Machen
Mackay
Mackie
Mahon
Mailliard
Matsunaga
Matthews
May
Meeds
Mills
Minish
Mink
Mize
Moeller
Monagan
Moorhead
Morgan
Morrison
Morse
Mosher
Moss
Multer
Murphy, Ill.
Murphy, N.Y.
Murray
Natcher
Nedzi
Nelsen
Nix
O'Brien
O'Hara, Ill.
O'Hara, Mich.
Olson, Minn.
O'Neal, Ga.
O'Neill, Mass.
Ottinger
Passman
Patman
Patten
Pepper
Perkins
Philbin
Pickle
Pike
Pirnie
Poage
Pool
Powell
Price
Quie
Race
Redlin
Reid, N.Y.
Reifel
Reuss
Rhodes, Ariz.
Rhodes, Pa.
Rivers, S.C.
Roberts
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Tex.
Ronan
Roncallo
Rooney, N.Y.
Rooney, Pa.
Roosevelt
Rosenthal
Rostenkowski
Roybal
Ryan
St Germain
St. Onge
Scheuer
Schisler
Schmidhauser
Schneebeli
Scott
Selden
Senner
Shipley
Sickles
Sikes
Sisk
Slack
Smith, Iowa
Smith, N.Y.
Stafford
Staggers
Stalbaum
Steed
Stephens
Stratton
Stubblefield
Sullivan
Sweeney
Taylor
Tenzer
Thomas
Thompson, La.
Thompson, N.J.
Thompson, Tex.
Todd
Trimble
Tunney
Tupper
Tuten
Udall
Ullman
Van Deerlin
Vanik
Vigorito
Vivian
Waggonner
Watts
White, Idaho
White, Tex.
Whitener
Willis
Wilson, Charles H.
Wright
Wyatt
Yates
Young
Zabiocki

NAYS—97

Abbitt
Abernethy
Adair
Anderson, Ill.
Arends
Ashbrook
Belcher
Bolton
Bow
Broomfield
Brown, Ohio
Buchanan
Burton, Utah
Callaway
Clancy
Clawson, Del
Cleveland
Corbett
Cramer
Cunningham
Curtin
Dague
Davis, Wis.
Derwinski
Devine
Dickinson
Dole
Dowdy
Dulski
Duncan, Tenn.
Edwards, Ala.
Findley
Ford, Gerald R.
Fulton, Pa.
Gross
Gurney
Haley
Hall
Hansen, Idaho
Harsha
Harvey, Ind.
Henderson
Horton
Hutchinson
Johnson, Pa.
Jonas
King, N.Y.
Kornegay
Langen
Latta
Lennon
Lipscomb
Long, Md.
McCulloch
McDade
McEwen
MacGregor
Marsh
Martin, Ala.
Martin, Nebr.
Michel
Minshall
Moore
O'Konski
Pelly
Poff
Quillen
Randall
Reid, Ill.
Reinecke
Robison
Roudebush
Rumsfeld
Satterfield
Saylor
Schweiker
Secrest
Shriver
Skubitz
Smith, Calif.
Springer
Stanton
Talcott
Teague, Calif.
Thomson, Wis.
Tuck
Utt
Walker, Miss.
Watkins
Weltner
Whalley
Whitten
Widnall
Williams
Wilson, Bob.
Wydler
Younger

NOT VOTING—36

Andrews, George W.
Baring
Battin
Bray
Brown, Calif.
Cahill
Chelf
Collier
de la Garza
Diggs
Fogarty
Gubser
Hamilton
Herlong
Holland
Laird
Lindsay
McMillan
Macdonald
Madden
Martin, Mass.
Mathias
Miller
Morris
Morton
Olsen, Mont.
Pucinski
Purcell
Resnick
Rivers, Alaska
Roush
Smith, Va.
Teague, Tex.
Toll
Walker, N. Mex.
Wolff

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Wolff for, with Mr. Fogarty against.

Mr. Martin of Massachusetts for, with Mr. Bray against.

Mr. Collier for, with Mr. Battin against.

Mr. Lindsay for, with Mr. Laird against.

Mr. Morris for, with Mr. Cahill against.

Mr. Walker of New Mexico for, with Mr. Gubser against.

Until further notice:

Mr. Miller with Mr. Mathias.

Mr. Madden with Mr. Morton.

Mr. Pucinski with Mr. Chelf.

Mr. Rivers of Alaska with Mr. Diggs.

Mr. Brown of California with Mr. Smith of Virginia.

Mr. Herlong with Mr. Macdonald.

Mr. Teague of Texas with Mr. McMillan.

Mr. Toll with Mr. Olsen of Montana.

Mr. George W. Andrews with Mr. Baring.
Mr. Roush with Mr. Holland.
Mr. Purcell with Mr. Resnick.
Mr. de la Garza with Mr. Hamilton.

Mr. McCLORY changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

## GENERAL LEAVE TO EXTEND REMARKS

Mr. MILLS. Mr. Speaker, I ask unanimous consent that those Members who desire to do so may be permitted to extend their remarks in the body of the RECORD during debate on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS. Mr. Speaker, I ask unanimous consent that those of us who spoke during the course of debate on the bill just passed may include extraneous matter in their remarks.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

## RESIGNATION FROM COMMITTEE

The SPEAKER laid before the House the following communication, which was read:

Hon. JOHN W. McCORMACK,
*Speaker of the House of Representatives,*
*Washington, D.C.*

DEAR MR. SPEAKER: I find that other official responsibilities make it necessary for me to resign from the Committee on Education and Labor. Please accept this letter as my resignation.

I have appreciated this honor very much and thank you for your consideration.

Sincerely yours,

PAUL FINDLEY,
*Representative in Congress.*

The SPEAKER. Without objection, the resignation is accepted.

There was no objection.

## RESIGNATION FROM COMMITTEE

The SPEAKER laid before the House the following communication, which was read:

Hon. JOHN W. McCORMACK,
*The Speaker,*
*House of Representatives,*
*Washington, D.C.*

DEAR MR. SPEAKER: In view of my pending assignment to the House Education and Labor Committee, I herewith tender my resignation effective immediately as a member of the House Government Operations Committee.

Sincerely yours,

EDWARD J. GURNEY.

The SPEAKER. Without objection, the resignation is accepted.

There was no objection.

## APPOINTMENT OF MEMBERS TO COMMITTEES

Mr. GERALD R. FORD. Mr. Speaker, I offer a resolution.

The Clerk read the resolution as follows:

H. RES. 383

*Resolved,* That the following-named Members be, and they are hereby, elected members of the following standing committees of the House of Representatives:

Committee on Education and Labor: EDWARD J. GURNEY, of Florida.

Committee on Government Operations: JOHN W. WYDLER, of New York.

The resolution was agreed to.

A motion to reconsider was laid on the table.

## ADDITIONAL AUTHORIZATION FOR CERTAIN RIVER BASIN PLANS TO COVER FISCAL YEAR 1966

Mr. JONES of Alabama. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6755) authorizing additional appropriations for prosecution of projects in certain comprehensive river basin plans for flood control, navigation, and other purposes.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 6755, with Mr. HANNA in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. JONES of Alabama. Mr. Chairman, I yield myself 10 minutes.

(Mr. JONES of Alabama asked and was given permission to revise and extend his remarks.)

[Mr. JONES of Alabama addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. BALDWIN. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, this bill came out of the Committee on Public Works by a unanimous vote. The amount authorized, $263 million, is included in the budget. This is the authorization bill that would be required, however, before those budget items can be included in the public works appropriation bill which will follow a little bit later in this session. The main objective of our committee in bringing this bill out at this time is to try to avoid the most unfortunate situation which happened 2 years ago when we had some river basins which ran out of funds. There was a delay here in Congress in getting a new authorization bill through for them. We had some extremely unhappy situations arise because of contracts already let, which were part way constructed, on which they ran out of funds. The most difficult problem of all that occurred 2 years ago occurred in the Los Angeles-San Gabriel River Basin in California. On that river basin 2 years ago contracts had been let and they ran out of the authorization when the contracts were to the point where the projects were half way constructed. There were people who had great quantities of earth dumped on their front lawns and great dredging of ditches in front of their property when the contractor and his men had to go off the job because there was no longer any funds to carry them through. In some cases that situation was a constant threat. In fact, the local agencies in that area had to lend funds to the Corps of Engineers to try to tie together some of those loose ends.

This is something the Congress should not allow to happen. Therefore our committee is bringing this bill to the floor of the House today to try to get these authorizations through in time so that funds can be made available for these contracts and so that we can avoid this kind of situation and keep it from developing. Whenever we have a gap and contractors have to leave the job, we actually lose continuity of construction. We increase the construction costs, also, because the contractors have to pull equipment and men away from the job and go somewhere else. This is not a good way to conduct the business of doing an effective flood control job.

Therefore, Mr. Chairman, I hope that this bill will pass here in the House today with a unanimous vote, and I very much hope that the other body will give consideration to this bill on an urgent basis, because according to the information we have from the Corps of Engineers, unless this bill is passed and passed very promptly, we will have 47 contracts which will have to be deferred within the next 2 months, and it would be a tragedy if this happened.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. BALDWIN. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. Mr. Chairman, I think the gentleman has made a very constructive contribution to putting across the urgency of this measure. I certainly want to commend him for it. Also I would like to say that we are certainly delighted that he is back from spending some little time in the hospital, as did our colleague from Alabama [Mr. JONES] because his help on this bill has been invaluable to the committee.

Mr. BALDWIN. I thank the gentleman.

(Mr. KUNKEL (at the request of Mr. BALDWIN) was given permission to insert his remarks at this point in the RECORD.)

[Mr. KUNKEL'S remarks will appear hereafter in the Appendix.]

Mr. TRIMBLE. Mr. Chairman, I wholeheartedly support this bill.

Mr. BANDSTRA. Mr. Chairman, I strongly urge passage of H.R. 6755, a bill to increase the fiscal 1966 authorizations for projects being built by the U.S. Army Corps of Engineers in 10 river basins.

Of immediate and important interest to my home State of Iowa is the provision for increasing by $14 million the authorization for the Upper Mississippi River Basin. This increased authorization is necessary so that work can continue on the Red Rock Dam and Reservoir project, now under construction on the Des Moines River in south-central Iowa.

The Corps of Engineers, in testimony April 27, 1965, before the Subcommittee on Flood Control of the House Public Works Committee, indicated that several phases of the project, involving contracts totaling more than $1.8 million,

would be delayed unless the Congress approves the new authorization promptly.

The need for flood control projects such as Red Rock is obvious, and it should be all the more apparent because of the heavy floods in the Upper Mississippi River Basin this spring.

The Des Moines River was swollen by floodwaters, as were many other rivers in the area. The Office of Emergency Planning estimates that flooding in Iowa resulted in nearly $5 million in damage. This is the amount of damage that has been determined thus far. It is quite likely that the actual damage will run much higher.

The Corps of Engineers has informed me that, on the Des Moines River, flooding caused about $850,000 in damage at points on the river from the Red Rock damsite downstream to the confluence with the Mississippi River.

This is a routine bill. But it is badly needed to avoid delay on flood control projects, both in Iowa and in other parts of the country. I therefore urge that the House of Representatives act favorably on this measure today, so that it can be sent to the Senate for approval there at the earliest possible date.

Mr. SCHMIDHAUSER. Mr. Chairman, the State of Iowa has been ravaged by the most devastating floods in the history of the Upper Mississippi River Valley. I am sure that the people of southeast Iowa applaud the recognition which the House of Representatives has given them today in responding to the seriousness of the situation. The appropriation for Red Rock Reservoir which will allot $15 million to provide flood control protection on the Des Moines River is vitally needed. The allotment of $30,000 for Coralville Reservoir improvements and $628,000 for the needed completion of the Coralville-Mehaffy Bridge is of tremendous economic importance to the people of the Iowa and Cedar River Basin.

Mr. CALLAN. Mr. Chairman, the general comprehensive plan for flood control and other purposes in the Missouri River Basin which was first approved by the Flood Control Act of June 28, 1938, has benefited my district of Nebraska immensely. The Flood Control Act of 1944 provided additional advantages for the eastern section of Nebraska. Today there is a need for the expansion of the Missouri River Basin comprehensive plan. One of the needs is for additional recreational facilities for our people.

I believe that it is necessary that we pass this bill in order that we might provide for the ever-demanding needs of people for recreation. My district needs additional recreational facilities. This bill will provide funds for the development of recreational facilities for the people of the First Congressional District of Nebraska at the Gavins Point Reservoir and the Harlan County Reservoir, in Nebraska. Although not in my district, this lake is used by many people in eastern Nebraska. I believe the proposed amounts of $90,000 for the Gavins Point Reservoir and the $50,000 for the Harlan County Reservoir to be spent for recreational development is a step in the right direction. These two recreational facilities will provide the people in my district with numerous opportunities to avail themselves of water recreation. The passage of this bill will provide such an opportunity.

Mr. Chairman, I support this proposed legislation.

Mr. ROGERS of Florida. Mr. Chairman, H.R. 6755 provides an authorization of $11 million for 1 fiscal year for the central and southern Florida flood control project. I appreciate the committee including the project in its legislation for fiscal year 1966, and express the hope that the committee would approve an authorization for this project for 2 fiscal years in its next action.

The Central and Southern Florida Flood Control District presently has $2.8 million in authorizations left for fiscal year 1966. The Corps of Engineers has indicated a capability of $15 million for flood control works in fiscal year 1966, and the committee's action allowing $11 million would bring the total authorizations to $13.8 million in the next fiscal year. Even with the approval of the $13 million for the central and southern Florida flood control project as included in the President's budget for fiscal year 1966, the remaining monetary authorizations are marginal and present planning difficulties to the Federal and State agencies concerned.

The flood control project has meant a great deal to Florida. It is a critical necessity in an area where land once inundated by floods has been turned into use in one of the Nation's fastest growing areas. And the results have been excellent, as judged by the fact that of some $175 million in funds invested in the Central and Southern Florida Flood Control District, there has been a return of some $200 million in benefits.

I have introduced legislation, H.R. 6749, to provide a monetary authorization of $30 million for 2 fiscal years, and urge that congressional approval be given to long-range authority for this project. Short-range planning can be costly for the uncertainty causes interruptions. Already the Corps of Engineers has canceled invitations to bid on two Central and Southern Florida Flood Control District projects, and I am advised that the corps may be forced to cancel two more contracts already awarded for construction works.

Mr. Chairman, the Central and Southern Florida Flood Control District spans all or part of 18 counties in Florida. I respectfully ask that consideration be given to providing authorizations for longer than 1 fiscal year in the next actions taken by the committee.

Mr. BALDWIN. Mr. Chairman, we have no further requests for time.

Mr. JONES of Alabama. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

H.R. 6755

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, (a) in addition to previous authorizations, there is hereby authorized to be appropriated for the prosecution of the comprehensive plan of development of each river basin under the jurisdiction of the Secretary of the Army referred to in the first column below, which was basically authorized by the Act referred to by date of enactment in the second column below, an amount not to exceed that shown opposite such river basin in the third column below:

| Basin | Act of Congress | Amount |
|---|---|---|
| Arkansas River | June 28, 1938 | $115,000,000 |
| Brazos River | September 3, 1954 | 6,000,000 |
| Central and Southern Florida. | June 30, 1948 | 11,000,000 |
| Columbia River | June 28, 1938 | 73,000,000 |
| Los Angeles-San Gabriel. | August 18, 1941 | 10,000,000 |
| Missouri River | June 28, 1938 | 24,000,000 |
| Ohio River | June 22, 1936 | 3,000,000 |
| Ouachita River | May 17, 1950 | 1,000,000 |
| Upper Mississippi River. | June 28, 1938 | 14,000,000 |
| West Branch Susquehanna River. | September 3, 1954 | 6,000,000 |

(b) The total amount authorized to be appropriated by this Act shall not exceed $263,000,000.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. HANNA, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 6755) authorizing additional appropriations for prosecution of projects in certain comprehensive river basin plans for flood control, navigation, and other purposes, pursuant to House Resolution 381, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

## GENERAL LEAVE TO EXTEND

Mr. JONES of Alabama. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

## U.S. POLICY IN DOMINICAN REPUBLIC IS A COMMITMENT TO HEMISPHERIC SECURITY AND WORLD PEACE

(Mr. SELDEN asked and was given permission to address the House for 1 minute.)

Mr. SELDEN. Mr. Speaker, the events of recent days make it more than ever apparent that the only alternative to the present U.S. commitment in the Dominican Republic would be to see that nation go the tragic way of Castro's Cuba.

Despite a heavy propaganda din by some of the same fatuous observers who helped pave Castro's road to power in the 1950's, the evidence accumulates that so-called Dominican rebel forces, if success-

# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
Washington, D. C. 20250
Official Business Postage and Fees Paid
U. S. Department of Agriculture

OFFICE OF BUDGET AND FINANCE
(For information only; should not be quoted or cited)

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HIGHLIGHTS: Senate concurred in House amendments to International Coffee Agreement bill. House committee voted to report bill to expand poverty program. Sen. Auberger inserted Esther Peterson's letter opposing bill to curtail FPC authority to regulate wholesale electric rates. Sen. Harris introduced and discussed bill to revise fees and charges under Land and Water Conservation Act. Rep. Cooley introduced cotton bill.

## SENATE

1. COFFEE. By a vote of 61 to 19, concurred in the House amendments to S. 701, to grant the President authority to carry out U. S. obligations under the International Coffee Agreement and provide a limit of $150,000 per fiscal year on the U. S. contribution toward the cost of administration of the agreement. The bill also provides that it shall not become effective until the President makes a determination and reports to the Congress that, in his judgment, it will not result in an unwarranted increase in coffee prices to U. S. Consumers. This bill will now be sent to the President. pp. 10083-84

2. ELECTRIFICATION. Sen. Neuberger inserted the letter of Esther Peterson, Special Assistant to the President for Consumer Affairs, to the President for Consumer Affairs, to the Chairman of the Senate Commerce Committee opposing enactment of "S. 218, which would sharply curtail the Federal Power Commission's authority to regulate wholesale electric rates and police the utility industry." pp. 10067-8

3. TOBACCO. Sen. Neuberger inserted an article on the danger of cigarette smoking, "Bronchial Ill Laid to Cigarette Tars." p. 10068

4. UNDER SECRETARY. Sen. Bayh commended the public service of Under Secretary Murphy and his nomination to be chairman of the Civil Aeronautics Board. pp. 10059-60

5. REORGANIZATION. Both Houses received the President's reorganization plan to consolidate the Weather Bureau and the Coast and Geodetic Survey to form a new agency in the Department of Commerce to be known as the Environmental Science Services Administration. pp. 10039-41, 10100-01

6. BALANCE OF PAYMENTS. Sen. Muskie inserted a speech by Treasury Secretary Fowler reviewing the balance of payments situation. pp. 10069-73

7. FORESTRY. Sen. Hruska commended efforts to reforest the Halsey National Forest, Nebr., recently damaged by a forest fire. pp. 10057-8

8. GOVERNMENT COMPETITION. Sen. Bennett urged enactment of legislation "to get the Government out of many business activities and to keep it out," and inserted an article in support of his position. pp. 10061-2

9. VIRGIN ISLANDS. Received from GAO an audit report on the Virgin Islands Corporation for fiscal year 1964. p. 10041

10. ECONOMIC DEVELOPMENT. The "Daily Digest" states that the Banking and Currency Committee "agreed to submit its views, to the Committee on Public Works on titles II and IV of S. 1648, proposed Public Works and Economic Development Act of 1965, which bill is presently pending before the Committee on Public Works. The views submitted by the committee will include certain suggested amendments to these titles of the bill." p. D393

11. POSTAL COSTS. Received from the Post Office Department a cost ascertainment report for fiscal year 1964. p. 10041

HOUSE

12. POVERTY. The "Daily Digest" states that the Education and Labor Committee "adopted H. R. 7861, to expand the war on poverty and enhance the effectiveness of programs under the Economic Opportunity Act of 1964 (a clean bill to be introduced in lieu thereof)." p. D395

13. FOREIGN TRADE. Rep. Derwinski urged "a thorough review of all the implications of trading with Communist governments" and inserted an article, "The Campaign for United States-Soviet Trade." pp. 10101-5

FULBRIGHT], the Senator from Alaska [Mr. GRUENING], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from Ohio [Mr. YOUNG] are absent on official business.

I further announce that the Senator from Massachusetts [Mr. KENNEDY], the Senator from New York [Mr. KENNEDY], the Senator from Wyoming [Mr. McGEE], the Senator from New Mexico [Mr. MONTOYA], the Senator from Virginia [Mr. ROBERTSON], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

I further announce that if present and voting, the Senator from Alaska [Mr. GRUENING], the Senator from Wyoming, [Mr. McGEE], the Senator from New Mexico [Mr. MONTOYA], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from Ohio [Mr. YOUNG] would each vote "nay."

On this vote, the Senator from Massachusetts [Mr. KENNEDY] is paired with the Senator from Georgia [Mr. RUSSELL].

If present and voting, the Senator from Georgia would vote "yea" and the Senator from Massachusetts would vote "nay."

On this vote, the Senator from New York [Mr. KENNEDY] is paired with the Senator from Arkansas [Mr. FULBRIGHT].

If present and voting, the Senator from Arkansas would vote "yea" and the Senator from New York would vote "nay."

Mr. KUCHEL. I announce that the Senator from Iowa [Mr. MILLER] is necessarily absent.

The Senator from Kansas [Mr. PEARSON] is necessarily absent, and, if present and voting, would vote "nay."

The result was announced—yeas 19, nays 66, as follows:

[No. 68 Leg.]

YEAS—19

| | | |
|---|---|---|
| Byrd, Va. | Hill | Sparkman |
| Byrd, W. Va. | Holland | Stennis |
| Curtis | Jordan, N.C. | Talmadge |
| Eastland | Long, La. | Thurmond |
| Ellender | McClellan | Tower |
| Ervin | Russell, S.C. | |
| Hickenlooper | Simpson | |

NAYS—66

| | | |
|---|---|---|
| Aiken | Fannin | Monroney |
| Allott | Fong | Morse |
| Anderson | Gore | Morton |
| Bartlett | Harris | Moss |
| Bass | Hart | Mundt |
| Bayh | Hartke | Murphy |
| Bennett | Hayden | Muskie |
| Bible | Hruska | Nelson |
| Boggs | Inouye | Pastore |
| Brewster | Jackson | Pell |
| Burdick | Javits | Prouty |
| Cannon | Jordan, Idaho | Proxmire |
| Carlson | Kuchel | Randolph |
| Case | Lausche | Ribicoff |
| Church | Magnuson | Saltonstall |
| Clark | Mansfield | Scott |
| Cooper | McCarthy | Smith |
| Cotton | McGovern | Tydings |
| Dirksen | McIntyre | Williams, N.J. |
| Dodd | McNamara | Williams, Del. |
| Dominick | Metcalf | Yarborough |
| Douglas | Mondale | Young, N. Dak. |

NOT VOTING—15

| | | |
|---|---|---|
| Fulbright | McGee | Robertson |
| Gruening | Miller | Russell, Ga. |
| Kennedy, Mass. | Montoya | Smathers |
| Kennedy, N.Y. | Neuberger | Symington |
| Long, Mo. | Pearson | Young, Ohio |

So Mr. SPARKMAN's amendments, en bloc (No. 179), offered to the amendment in the nature of a substitute, as amended (No. 124), offered by the Senator from Montana [Mr. MANSFIELD] and the Senator from Illinois [Mr. DIRKSEN] were rejected.

Mr. HART. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

## OBLIGATIONS OF THE UNITED STATES UNDER THE INTERNATIONAL COFFEE AGREEMENT, 1962

Mr. BYRD of Virginia. Mr. President, I ask that the Chair lay before the Senate a message from the House on S. 701.

The PRESIDING OFFICER (Mr. MONDALE in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 701) to carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes, which were, on page 4, line 4, after "agreement" insert ", nor shall such amount exceed $150,000 for any fiscal year", and on page 4, after line 9 insert:

SEC. 8. This Act will not become effective until the President makes a determination and reports the determination to the Congress that, in his judgment, it will not result in an unwarranted increased in coffee prices to United States consumers.

Mr. BYRD of Virginia. Mr. President, a majority of the Committee on Finance have indicated that the House amendments are acceptable and that a conference on the bill would not be necessary. Accordingly, I move that the Senate concur in the amendments of the House.

S. 701 provides the legislation necessary to implement the coffee agreement to which the Senate gave its advise and consent on May 21, 1963. The bill passed the Senate on February 2, 1965, by a vote of 56 to 23.

Yesterday, it was passed by the House by a vote of 300 to 97, after two amendments to the Senate version of the bill had been agreed to.

The first amendment, added to the bill by the Committee on Ways and Means, places an absolute dollar limit of $150,000 for any fiscal year on the amounts which may be appropriated for our participation in the agreement.

The second amendment added on the House floor, provides that before the implementing features of the bill become operative, the President must make a determination, and report it to Congress, that in his judgment U.S. participation in the coffee agreement will not result in an unwarranted increase in coffee prices to U.S. consumers.

Both of these amendments further the objectives of the Finance Committee when it amended S. 701 in the first instance to provide for the termination of the implementing authority whenever Congress by concurrent resolution determines that an unwarranted increase in the price of coffee had occurred.

I charge our representatives to the Coffee Council to heed these amendments and the congressional intent they reflect that our consumers are to be protected from upward fluctuations in the price of coffee.

Mr. CARLSON. Mr. President, I shall not oppose the International Coffee Agreement, nor shall I request that it be sent to conference, as a result of the amendments added to it in the House of Representatives.

My views on the International Coffee Agreement are well known. As I have previously stated, I am opposed to global price fixing of commodities and barter agreements in international trade.

I believe that even the administration spokesmen believe that the theory of the International Coffee Agreement is unsound economics, but they defend it for international political and social reasons.

I can fully appreciate the demand for immediate action on this agreement because of our diminished prestige and need for support of Latin American countries. While it may be necessary at times to buy the support of nations for programs in which we are interested, frankly, I do not believe that in the long-run it is in the interest of our Nation's economic and political welfare.

For 2 years the International Coffee Council has been operating without congressional implementation. I hope the Council, meeting in London, will not forget that the American consumer has interests that should and must be protected.

I invite the attention of Senators, for the purpose of future reference, to a speech delivered by Philip H. Trezise, U.S. representative to the United Nations Trade and Development Board, on April 9, 1965. I read a part of the speech, as follows:

The second category of UNCTAD recommendations relates to commodity problems. There have been significant developments in this field in the months since the Conference. The Geneva recommendations have been, directly or indirectly, a contributing factor.

For example, under the International Coffee Agreement, new procedures have been approved which authorize export quota changes on a semiautomatic basis in response to price changes. This brings a measure of precision to the coffee agreement which it was not possible to negotiate in 1962 and which should serve to moderate price swings—with benefit to both producers and consumers.

Mr. DOUGLAS. Mr. President, may we have order in the Chamber? The Senator from Kansas is making an important speech, and I should like to be able to hear it.

The PRESIDING OFFICER (Mr. BASS in the chair). The Senate will be in order.

Mr. CARLSON. I continue to read:

At the request of the Tin Council, a conference to renegotiate the Tin Agreement is being held—in the next room, in fact. The United States, which has cooperated with

but has not been a party to the agreement, is participating in these negotiations.

A preparatory committee has completed a report on the "Bases and Framework of a New International Sugar Agreement." The United States has indicated general support for the conclusions of the report and will support a call for a negotiating conference if further exchanges of views show reasonable promise for a successful negotiation.

Plans are progressing, in the context of the Kennedy Round, for new comprehensive arrangements for grain, meat, and dairy products.

Mr. President, I merely mention that because we shall be confronted with what I contend are great pressures for global price fixing. It would be most unfortunate if we were to enter into a program of that kind.

Mr. President, typical of the action of the International Coffee Council in its efforts to increase coffee prices is a statement published in the Wall Street Journal of March 23, 1965. I ask unanimous consent that it be printed in the RECORD as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Buying in coffee futures stemmed from news that the International Coffee Council over the weekend approved a plan designed to strengthen the stabilization measures for green-coffee prices. The world coffee pact at present has a system of flexible export quotes that are supposed to be geared to market needs. But differences of opinion among producer and consumer members of the pact make it difficult to make ready changes in the quotas.

The new plan approved by the council last week at London meetings ties the size of coffee quotas more directly to price fluctuations of green coffee. The area of price stabilization, based on a system of average quotations for basic types of green coffee, is 38 to 44 cents a pound. If the average "indicator" price goes below 38 cents, quotas will be reduced; if prices exceed 44 cents, quotas will be increased.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. BYRD of Virginia. I yield.

Mr. HOLLAND. Do I correctly understand that the Committee on Finance, by a majority action, recommends the acceptance and concurrence of the Senate in the House amendments?

Mr. BYRD of Virginia. The Committee was polled. It was not unanimous. It was by a majority.

Mr. HOLLAND. A majority of the Finance Committee recommends the concurrence of the Senate in the House amendments?

Mr. BYRD of Virginia. The Senator is correct.

Mr. HOLLAND. I thank the distinguished chairman of the Committee on Finance.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Virginia [Mr. BYRD] to concur in the amendments of the House.

Mr. COTTON. Mr. President, on this question, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. LONG of Louisiana. Mr. President, permit me to say, as one who voted for the bill, that since we passed the bill to implement the Coffee Agreement, the House has added two amendments. These amendments should have some appeal to those who voted against the bill. Senators who voted for the bill are willing to accept the House amendments because they do not drastically depart from the purposes of the bill and the passage of the bill is somewhat urgent.

For that reason, I shall vote "yea" on this rollcall.

Mr. HOLLAND. Mr. President, there is very much wisdom and justice attached to what has been said by the Senator from Kansas [Mr. CARLSON] with reference to the other commodities, but, with reference to coffee, the sale of coffee means much to many of our Latin American nations. Since it is a major commodity, and we have entered into an alliance with them that means more to them than any practical thing we could do. I would approve of the treaty on which this action is based. I believe that we should speedily agree to the request that has been made by the distinguished Chairman of the Committee on Finance, the senior Senator from Virginia [Mr. BYRD].

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Virginia [Mr. BYRD], to concur in the amendments of the House. On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Maryland [Mr. BREWSTER], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. GRUENING], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from West Virginia [Mr. RANDOLPH] the Senator from Ohio [Mr. YOUNG], and the Senator from West Virginia [Mr. BYRD] are absent on official business.

I also announce that the Senator from Massachusetts [Mr. KENNEDY], the Senator from New York [Mr. KENNEDY], the Senator from Wyoming [Mr. MCGEE], the Senator from New Mexico [Mr. MONTOYA] the Senator from Virginia [Mr. ROBERTSON], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT], the Senator from Alaska [Mr. GRUENING], the Senator from Massachusetts [Mr. KENNEDY], the Senator from New York [Mr. KENNEDY], the Senator from West Virginia [Mr. RANDOLPH], and the Senator from New Mexico [Mr. MONTOYA] would each vote "yea."

On this vote, the Senator from Oregon [Mrs. NEUBERGER] is paired with the Senator from Maryland [Mr. BREWSTER].

If present and voting, the Senator from Oregon would vote "nay" and the Senator from Maryland would vote "yea."

On this vote, the Senator from West Virginia [Mr. RANDOLPH] is paired with the Senator from Ohio [Mr. YOUNG].

If present and voting, the Senator from West Virginia would vote "yea" and the Senator from Ohio would vote "nay."

Mr. KUCHEL. I announce that the Senator from Iowa [Mr. MILLER] is necessarily absent.

Also the Senator from Kansas [Mr. PEARSON] is necessarily absent.

On this vote, the Senator from Iowa [Mr. MILLER] is paired with the Senator from Kansas [Mr. PEARSON]. If present and voting, the Senator from Iowa would vote "yea" and the Senator from Kansas would vote "nay."

The result was announced—yeas 61, nays 19, as follows:

[No. 69 Leg.]

YEAS—61

| | | |
|---|---|---|
| Aiken | Harris | Monroney |
| Allott | Hart | Morse |
| Anderson | Hartke | Morton |
| Bass | Hayden | Moss |
| Bayh | Hickenlooper | Mundt |
| Bible | Hill | Murphy |
| Boggs | Holland | Nelson |
| Burdick | Inouye | Pastore |
| Byrd, Va. | Jackson | Pell |
| Cannon | Javits | Prouty |
| Case | Jordan, Idaho | Ribicoff |
| Church | Kuchel | Saltonstall |
| Clark | Lausche | Scott |
| Cooper | Long, Mo. | Smith |
| Dirksen | Long, La. | Sparkman |
| Dodd | Magnuson | Stennis |
| Dominick | Mansfield | Tydings |
| Eastland | McClellan | Williams, N.J. |
| Ellender | McGovern | Yarborough |
| Fannin | Metcalf | |
| Fong | Mondale | |

NAYS—19

| | | |
|---|---|---|
| Bennett | Hruska | Talmadge |
| Carlson | Jordan, N.C. | Thurmond |
| Cotton | McIntyre | Tower |
| Curtis | McNamara | Williams, Del. |
| Douglas | Proxmire | Young, N. Dak. |
| Ervin | Russell, S.C. | |
| Gore | Simpson | |

NOT VOTING—20

| | | |
|---|---|---|
| Bartlett | McCarthy | Randolph |
| Brewster | McGee | Robertson |
| Byrd, W. Va. | Miller | Russell, Ga. |
| Fulbright | Montoya | Smathers |
| Gruening | Muskie | Symington |
| Kennedy, Mass. | Neuberger | Young, Ohio |
| Kennedy, N.Y. | Pearson | |

So the motion of Mr. BYRD of Virginia was agreed to.

## VOTING RIGHTS ACT OF 1965

The Senate resumed the consideration of the bill (S. 1564) to enforce the 15th amendment to the Constitution of the United States.

Mr. MANSFIELD. Mr. President, the distinguished minority leader [Mr. DIRKSEN] and I have consulted in recent days, reviewing the debate on the Senate floor, and we have agreed that some slight modifications in the language of the jointly sponsored substitute would be desirable to state more clearly what we intend the bill to do.

To satisfy some of the suggestions by other Senators, on behalf of myself and the distinguished minority leader, I send to the desk certain slight modifications of the substitute, and ask that these modifications be incorporated into the substitute, and ask for a printing of the new substitute with those modifications incorporated therein.

The PRESIDING OFFICER. The clerk will read the modifications.

The legislative clerk read as follows:

On page 10, line 14, strike out everything after "vote," through line 20 and insert in lieu thereof the following: "and such additional allegations, including an allegation

Public Law 89-23
89th Congress, S. 701
May 22, 1965

# An Act

To carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That this Act may be cited as the "International Coffee Agreement Act of 1965". International Coffee Agreement Act, 1965.

SEC. 2. On and after the entry into force of the International Coffee Agreement, 1962, and for such period prior to October 1, 1968, as the agreement remains in effect, or until the Congress by concurrent resolution determines that an unwarranted increase in the price of coffee has occurred, the President is authorized, in order to carry out the provisions of that agreement— Regulations. 14 UST 1911.

(1) to regulate the entry of coffee for consumption, or withdrawal of coffee from warehouse for consumption, including (A) the limitation of entry, or withdrawal from warehouse, of coffee imported from countries which are not members of the International Coffee Organization, and (B) the prohibition of entry of any shipment from any member of the International Coffee Organization of coffee which is not accompanied by a certificate of origin or a certificate of reexport, issued by a qualified agency in such form as required under the agreement;

(2) to require that every export or reexport of coffee from the United States shall be accompanied by a certificate of origin or a certificate of reexport, issued by a qualified agency of the United States designated by him, in such form as required under the agreement;

(3) to require the keeping of such records, statistics, and other information, and the rendering of such reports, relating to the importation, distribution, prices, and consumption of coffee as he may from time to time prescribe; and

(4) to take such other action, and issue and enforce such rules and regulations, as he may consider necessary or appropriate in order to implement the obligations of the United States under the agreement.

SEC. 3. As used in section 2 of this Act, "coffee" means coffee as defined in article 2 of the International Coffee Agreement, 1962. "Coffee."

SEC. 4. The President may exercise any powers and duties conferred on him by this Act through such agency or officer as he shall direct. The powers and duties conferred by this Act shall be exercised in the manner the President considers appropriate to protect the interests of United States consumers. Presidential powers and duties. 79 STAT. 112. 79 STAT. 113.

SEC. 5. The President shall submit to the Congress an annual report on the International Coffee Agreement, 1962. Such report shall contain full information on the operation of such agreement, including full information with respect to the general level of prices of coffee. The report shall also include a summary of the actions the United States and the International Coffee Organization have taken to protect the interests of United States consumers. Such annual report shall be submitted not later than January 15 of each year. The first such report shall be submitted not later than January 15, 1966. Report to Congress.

SEC. 6. There are hereby authorized to be appropriated from time to time such sums as may be necessary to carry out the provisions of this Act, including the necessary expenses and contributions of the United States in connection with the administration of the International Coffee Agreement, 1962. The amount of the contributions of the Appropriation.

United States to administer the agreement for any period shall not exceed 20 per centum of the total contributions assessed for such period to administer the agreement, nor shall such amount exceed $150,000 for any fiscal year.

Repeal.

SEC. 7. The joint resolution of April 11, 1941, entitled "Joint resolution to carry out the obligations of the United States under the Inter-American Coffee Agreement, signed at Washington on November 28, 1940, and for other purposes" (19 U.S.C. 1355 and 1356) is repealed.

55 Stat. 133, 1143.

Effective date.

SEC. 8. This Act will not become effective until the President makes a determination and reports the determination to the Congress that, in his judgment, it will not result in an unwarranted increase in coffee prices to United States consumers.

Approved May 22, 1965.

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LEGISLATIVE HISTORY:

HOUSE REPORT No. 252 (Comm. on Ways and Means).
SENATE REPORT No. 53 (Comm. on Finance).
CONGRESSIONAL RECORD, Vol. 111 (1965):
Feb. 2: Considered and passed Senate.
May 12: Considered and passed House, amended.
May 13: Senate concurred in House amendments.

GPO 35-139